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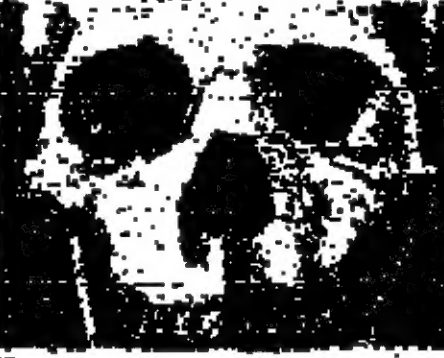
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# FINANCIAL TIMES

المزاجات

Europe's Business Newspaper

THURSDAY DECEMBER 24/FRIDAY DECEMBER 25 1992

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## Palestinians warn on peace talks as two are killed

Israeli troops shot dead two Palestinians and wounded 42 in the Gaza Strip, prompting a senior Palestinian leader to appeal for "someone to do something" to save Middle East peace talks. The plea, from Faisal Husseini, came after Israeli forces shot at crowds protesting against the deportation last week of 415 alleged Islamic fundamentalist militants.

The Palestine Liberation Organisation will today call on Syria, Lebanon and Jordan to join it in suspending negotiations with Israel until the deportees are allowed to return. Page 24; Bethlehem Christians have little to celebrate, Page 3

Thomson, France's state-owned electronics group, is selling white goods subsidiary Thomson Electromenager to a consortium led by Elektrofinanziaria, Italian electronics concern, which will become Europe's fourth largest white goods group. Page 10

German inflation rises: Inflation in west Germany rose to its highest rate for six months in December - 0.2 per cent over the previous month - further dampening hopes of rapid relaxation in the Bundesbank's strict monetary policy. Page 24

EC states told to lift borders: European Community member states will be asked to lift border controls on goods on January 1 even though national restrictions on several sensitive imports and exports are still in place. Page 2

US civilian killed in Somalia: US president George Bush said his trip to Somalia would go ahead despite news that a US civilian attached to the Army Department had been killed when his vehicle hit a landmine.

The man to keep Clinton's name in lights:

Warren Christopher (left), selected as President-elect Bill Clinton's secretary of state, is the quintessential public-servant as demonstrated by his efforts to secure the release of US hostages in Tehran, and by his investigation of the Los Angeles riots. His appointment, described as "puzzling" by one commentator, could provide clues to the nature of the forthcoming Clinton administration. Page 2

Dassault, French aircraft manufacturer, is to join forces with Aerospatiale, the aerospace concern, in a French government plan to bolster the two groups in the increasingly competitive aerospace industry. Page 10

Brussels in anti-trust move: The European Commission is considering national courts to handle more Community anti-trust cases, part of the effort to decentralise responsibilities. Page 2

Tajik refugees flee: Thousands of Tajik refugees fled across the border to Afghanistan to escape forces loyal to the new hardline government of Tajikistan.

DAF shares surge: Shares in DAF, loss-making Dutch commercial vehicle maker, rose by 10.6 per cent to Ft 8.30 after a government minister indicated the company could count on state support if it needed extra financing. Page 10

Commerzbank, German bank, is to start its delay capital-raising programme next month with the issue of DM125m (\$79m) of new shares which, although smaller than expected, will bolster its capital base. Page 10

France told to quit consulate: China has ordered France to close its consulate in Guangzhou in protest at the sale of 60 Mirage fighter aircraft to Taiwan over which Beijing claims sovereignty. Page 3

Baghdad rejects UN request: Iraq rejected a United Nations request to allow UN guards to inspect and escort trucks carrying aid to Kurds through government-held territory.

Credit Mutuel, group of regional French banks, is to restructure its provincial banking networks in response to the competitive state of French financial services and changes within European banking. Page 10

Pink passes: The Financial Times will not be published tomorrow, or on Saturday December 26, or Monday December 28. It will next be published on Tuesday December 29.

STOCK MARKET INDICES

FT-SE 100	2,827.4	(-14.6)
Yield	4.23	
FT-SE Eurotrack 100	1,973.66	(+0.89)
FT-A All-Share	1,354.50	(-0.49)
Nikkei		
New York Composite	3,228.56	(-0.54)
Dow Jones Ind Ave	3,228.56	(-0.54)
S&P Composite	439.84	(-0.87)

US LUNCHTIME RATES

Federal Funds	3 1/4	
3-mo Treas Bill: Yld	2.25	
Long Bond	10 1/2	
Yield	7.26	

LONDON MONEY

3-mo Interbank	7 1/2	(7 1/4)
Life long bill future: Dec 10/11		(Dec 100/1)

NORTH SEA OIL (Argus)

Brent 15-day (Feb)	118.825	(18.525)
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Gold

New York Comex (Dec)	\$322.9	(\$32.2)
London	\$322.85	(\$32.3)

STERLING

New York Exchange	\$ 1.8223	
London		
DM	2.425	(2.425)
FF	5.385	(5.385)
Sfr	2.2	(2.2075)
Y	189	(190)
E Index	78.5	(79.5)

DOLLAR

New York Exchange	DM 1.58425	(1.58425)
FF	5.44	(5.4125)
Sfr	1.441	(1.434)
Y	125.8	(123.45)
E Index	86.5	(85.3)

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## German president urges easier citizenship laws

By Quentin Peel in Bonn

MR Richard von Weizsäcker, the German state president, yesterday criticised attitudes in the country which, he said, condemned people "born among us" to remain "forever foreign". In a moving Christmas address to the nation, he praised the contribution of immigrants to the German economy, and urged that they be given the chance to become German citizens, even with dual nationality.

Mr von Weizsäcker said that the Turkish woman and two girls

who died in a neo-Nazi arson attack in the town of Mölln in November, should not simply be labelled "three Turks".

"Ten-year-old Yeliz Arslan, who died with her relations... was born among us, and never lived anywhere else," he said. "Our media simply called them three Turks."

"That expression, based solely on their passports, already suggests they should remain forever foreign. Yet those three in Mölln belonged to us!"

His address was issued as reports came of a new attack on

Turkish migrant workers, in which a 29-year-old woman and her 24-year-old brother-in-law were injured when a parcel disguised as a firebomb, exploded in their faces.

Police said the parcel was left on the doorstep of the family home, in a Cologne suburb. There was no immediate evidence to link the attack with extreme rightwing violence.

Mr von Weizsäcker, who was pelted with eggs and other missiles by leftwing radicals last month at a rally against racism in Berlin, used his traditional

Christmas message to make an outspoken appeal for a relaxation of Germany's strict naturalisation laws.

His plea marks the first time such a senior figure has identified Germany's narrow definition of nationality, and not simply rightwing extremism and uncontrolled immigration, as a contributing factor to xenophobia.

"Of course we want to feel at home in Germany," he said. "But are we clear enough ourselves about just who is contributing to making sure that our home works well?"

He cited the numbers of foreign workers in key jobs in the city of Munich: 20 per cent in the hospitals, more than a third in restaurants, almost 50 per cent of mechanics and metalworkers, and more than 70 per cent of the city's street cleaners.

"We are very happy to take advantage of what foreign workers have been doing here for decades," he said. "It would be both inhuman and stupid if we were to try and exclude them from our society."

"If we were to make it easier for those who wish to acquire

German nationality - maybe alongside their existing nationality - then we would be improving their situation, and promoting our co-existence... It is in our own, German interest."

His appeal touches on an acutely sensitive issue for Germans, who have maintained a definition of nationality since 1913 based on blood. Outsiders seeking naturalisation have to fulfil stringent requirements and renounce any other nationality.

Germans still optimistic, Page 2  
Inflation rising, Page 24

## No guarantee of ground troops' safety Serbs 'may hit back' if UN uses force in Bosnia

By Laura Silber in Belgrade and George Graham in Washington

THE Yugoslav army yesterday threw down the gauntlet to the outside world, warning that its forces may retaliate in the event of foreign military intervention in Bosnia-Herzegovina.

General Zvezdana Pantic, army chief-of-staff, said the army could not stand aside "if the biological survival of the Serbian people in Bosnia is brought into question".

His remarks, in an interview due to be published today in Borba, the Belgrade daily, came as the United Nations Security Council was considering a resolution authorising the use of force to police a no-fly zone over Bosnia imposed in October.

Gen Pantic said: "Although any foreign military intervention on the territory of the former Yugoslavia would be completely illogical and would risk spreading the flames of war throughout the European continent and beyond, the Yugoslav army has been on alert for a long time. It is prepared to respond with force to eventual aggression."

His statement appeared to indicate a radical policy change in the top ranks of the army. The

Yugoslav army has so far maintained that it is only responsible for defending the borders of the rump Yugoslav federation, consisting of Serbia and Montenegro. But General Pantic yesterday made clear that despite the for-

mal withdrawal of the Yugoslav Army from Bosnia in May, it plans to intervene to defend Serbs outside of Yugoslavia in case of foreign military attack.

"If Pantic's statement means that Serbia and Montenegro intend to become directly involved in a confrontation with the Security Council, this will have profound effects for the Serbian people," a western diplomat said yesterday.

Nato yesterday sent the UN a list of military options for enforcing the no-fly zone ranging from combat fighter patrols to deter Serbian aircraft from taking off to bombing Serbian airstrips.

The Nato allies remain at odds, however, on what degree of force

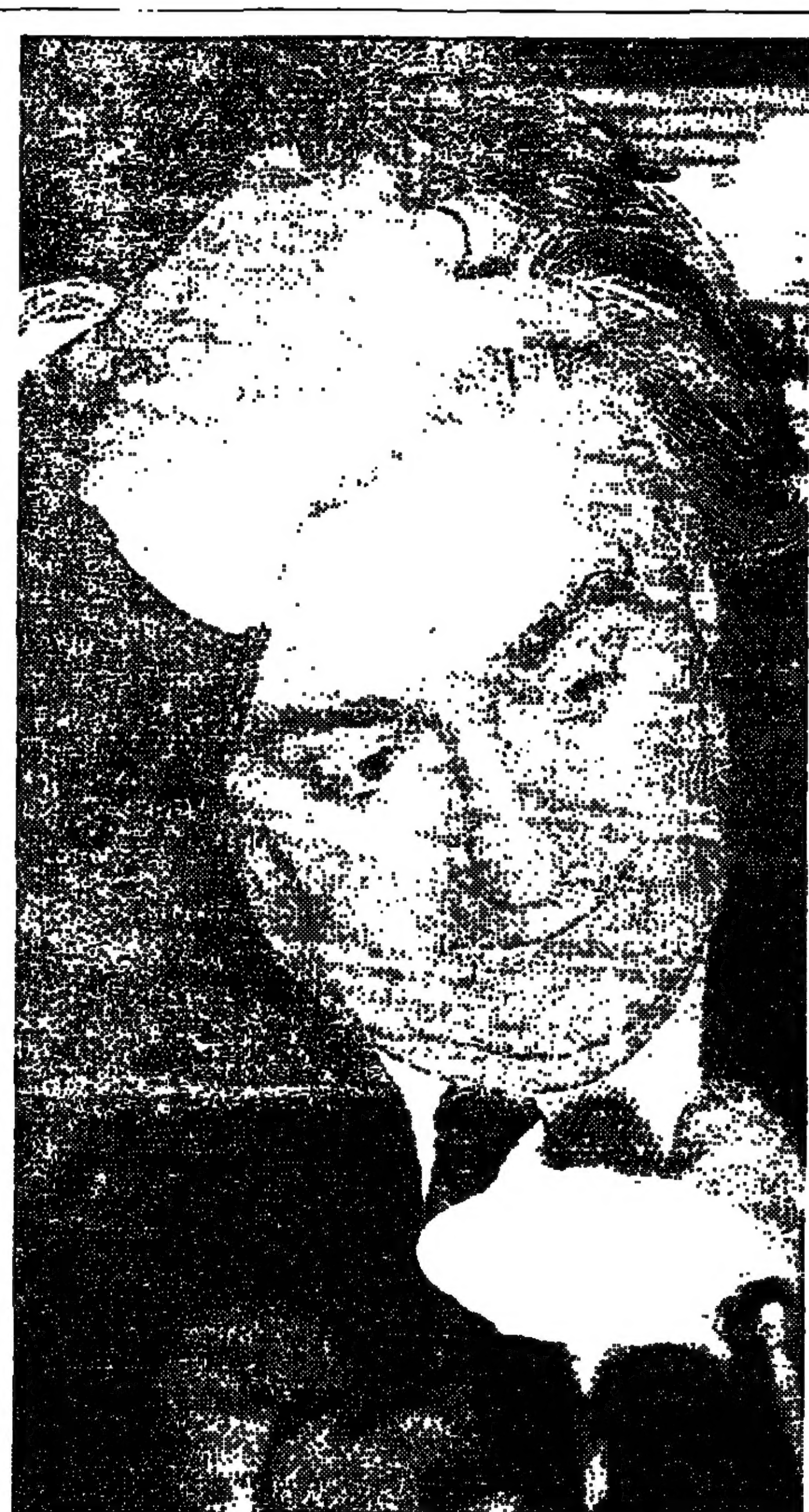
to use to ensure Serbia's compliance with the no-fly zone, and diplomats in the US are not optimistic that they will be able to agree on a UN resolution authorising enforcement before the end of the week.

While the US wants to give Serbia a 15-day deadline to comply with the ban on flights over Bosnia, and to back up this ultimatum if necessary with attacks on Serbian airfields, France and the UK, who have troops at risk in Bosnia, want a substantial delay and a limited use of force.

Mr Radovan Karadzic, the Bosnian Serb leader, meanwhile reiterated that UN forces on the ground in Bosnia would not be safe in the event of western intervention. He said troops belonging to Nato countries which have called for intervention should be replaced.

Mr Karadzic said he had written to US President-elect Bill Clinton, saying enforcement of the no-fly zone was unnecessary as there had been no combat flights.

Serb, Croat and Moslem forces have violated the ban on flights, but UN officials say there have been no combat sorties since the ban was imposed.



Warning: Bosnian Serb leader Radovan Karadzic tells a press conference that western intervention would put UN forces at risk

## Yeltsin secures cabinet posts for reformers

By John Lloyd and Leyla Boulton in Moscow

Mr Boris Yeltsin, the Russian president, yesterday emerged from three days of tough bargaining having secured a cabinet of all the main reformers he wanted plus a new deputy prime minister in charge of finance and the economy drawn from the radical camp.

This marks a decisive victory for the reformers in protracted behind-the-scenes negotiations between the president and Mr Victor Chernomyrdin, the new prime minister.

Mr Boris Fedorov, Russia's executive director at the World Bank and a former Russian finance minister, joins Mr Anatoly Chubais (in charge of privatisation) and Mr Alexander Shokhin (in charge of foreign economic relations) in the ranks of deputy prime ministers.

Also on the list, signed by Mr Yeltsin last night, is Mr Andrei Kozyrev, the embattled foreign minister. Mr Kozyrev, together with the ministers of defence, interior and security - also confirmed in their posts - must now submit himself to approval by the parliament. The outspokenly liberal Mr Kozyrev, who has always been next after Mr Yegor Gaidar in the conservative and centrist deputies' firing line,

Continued on Page 24

## Digital puts operations into nine divisions

By Louise Kehoe in San Francisco

DIGITAL Equipment, struggling to return to profitable growth, has restructured its operations into nine business units, each of which will be accountable for its financial performance.

The restructuring represents "a fundamental change in the way Digital conducts business", the company said. It follows the recent appointment of Mr Robert Palmer as president and chief executive, following the retirement of Mr Kenneth Olsen, the company's founder.

Mr Palmer said that Digital would become more responsive to customers. In the past, "Digital has been an outstanding technology company, but has done a terrible job of marketing, of listening to what customers want," he added.

A pioneer of the minicomputer, Digital grew to become the second-largest US computer manufacturer. However, the company was slow to respond to competition from cheaper desktop computers and failed to endorse wholeheartedly the trend towards "open systems" based upon industry standards. Digital

## Banco Santander in 'fraudulent acts'

By Peter Bruce in Madrid

BANCO SANTANDER, Spain's most aggressive commercial bank, has been accused by the country's senior monetary court judge of inducing some of its clients to commit a huge tax fraud.

The bank has been ordered to post by Sunday a bond of Ptas3.8bn (\$80m) which is thought to be the biggest ever set in Spain. The order brings to a head a long investigation by judge Miguel Moreiras into the creation by Santander of a tax avoidance instrument, called a credit assignment, in the late 1980s.

In a ruling on Tuesday, Mr Moreiras said he had found "clear evidence of criminality" against Santander's president, Mr Emilio Botin, its managing director, Mr Rodrigo de Echenique, its director-generals and regional and local office managers.

Although Mr Moreiras is still investigating the case, legal experts said yesterday his comments significantly increased pressure on Santander. It is up to Mr Moreiras to decide whether to go to trial and if so whom to try.

Mr Moreiras' ruling rejected an appeal by the bank to shelve the investigation. It even questioned Santander's suitability to continue operating as a bank, saying it had abused the confidence of the finance ministry - the ultimate bank licensing authority -

by committing a "multitude of fraudulent acts" against the revenue service.

He said Santander made 45,000 credit assignments between 1986 and 1989. Santander says they were legal, but the judge said the bank incited and assisted selected clients to evade taxes. The credit assignment, he said, was "a contract to commit a fraud".

Credit assignments were prompted by high Bank of Spain reserve requirements, under which banks were required to match a portion of their deposits with obligatory, interest free deposits with the Bank of Spain. This greatly increased the cost of funding.

Using the assignments, Banco Santander would sell loans in its portfolio to a customer. The payment from the customer was not regarded as a deposit and was thus "liberated" from the reserve rules. In addition, the customer's payment attracted interest from the bank but, as the amount was not a deposit, Santander says, the interest was not subject to the withholding tax applied to normal deposits.

Banco Santander said yesterday it "categorically rejected" Mr Moreiras' view that the "payments" were subject to withholding tax as a normal deposit would have been. Mr Moreiras also indirectly accuses the bank of misleading the tax authority,

This announcement appears as a matter of record only.

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December 1992



# Security council still divided on Bosnia resolution

By George Graham  
in Washington

MEMBERS of the United Nations Security Council are still at odds over a resolution on the enforcement of the no-fly zone the UN has declared over Bosnia, and diplomats do not expect a text to be agreed before Christmas.

Main points at issue are the length of the deadline to be given to Serbia, and how much force to use to enforce the ban, as well as the traditional UN argument over who should be in command.

The North Atlantic Treaty Organisation yesterday agreed to forward enforcement options to the UN, including combat aircraft patrols to deter Serbian aircraft from taking off, downing aircraft infringing the no-fly zone, and bombing Serbian airfields.

Some US officials have argued for this last option as the most effective way of enforcing the zone - especially as fighter patrols would have limited effect on the hedge-hopping helicopters which are the principal violators of the zone. The US also wants a short deadline.

France and Britain, which both have troops in Bosnia, want only the minimum necessary force to be used, and argue for a substantial delay before any enforcement action against Serbian aircraft.

They question whether

action as drastic as bombing airfields is necessary when the number of violations of the no-fly zone is diminishing and when UN relief flights are once again getting into Sarajevo.

However, Mr Boutros Boutros Ghali, UN secretary general, yesterday reported that allied aircraft had last week spotted warplanes over Bosnia, whereas the Serbs had previously been thought to be flying only supply aircraft into the no-fly zone.

Complicating the debate is the question of sending UN peace-keepers into Kosovo to head off any possible Serbian aggression there. Some diplomats argue that it would be better to get these observers into Kosovo before embarking on an open conflict with Serbia over the no-fly issue.

But these practical points, and the underlying concerns about the safety of UN troops now on the ground in Bosnia, reflect a deeper philosophical debate over the boundary between peace-keeping and peace-making.

Mr Boutros Ghali argues that if enforcement is to be undertaken the UN peace-keepers must be withdrawn and the relief operation halted.

The UN's dilemma is that, barring voluntary compliance by the Serbs, effective enforcement of the no-fly zone over Bosnia must go far beyond simple policing and into military hostilities against Serbia.



A Bosnian Moslem soldier being escorted by Bosnian Serb troops yesterday after his capture during fighting around the eastern Serb-controlled town of Foca

## Chilean economy expands by 10%

By Leslie Crawford  
in Santiago

THE Chilean economy has grown by almost 10 per cent in 1992, its best performance in 30 years, according to Mr Alejandro Foxley, the finance minister.

The higher-than-expected growth was spearheaded by a 30 per cent increase in private sector investment, evident in new mining projects, a construction boom in Santiago and a host of small manufacturing businesses. Mr Foxley forecast the economy would grow at least six per cent in 1993.

The independent Central Bank has used interest rates and a revaluation of the peso to lower inflation by almost six points to 13 per cent this year. Mr Foxley said the Treasury would continue to generate fiscal surpluses of around three per cent of GDP to keep inflation in check. However, many economists believe the inflation target for 1993 of 11 per cent will be difficult to meet.

Mr Foxley said high levels of

employment and the government's social policies were beginning to narrow the income gap between rich and poor. Increases in the minimum wage, family benefits and state pensions had allowed 1m Chileans to escape the poverty trap since President Patricio Aylwin's government came to power three years ago.

But the government was concerned about the high levels of youth unemployment. Venezuela's economy continued to post strong gains for the third consecutive year in 1992, growing by 7.3 per cent in real terms, according to preliminary year-end figures published by the Central Bank of Venezuela. Joe Mann writes from Caracas. However, the public-sector deficit was estimated at 8.1 per cent of GDP, compared with a 0.7 per cent surplus in 1991, while the current account ran a deficit of over \$3.7bn in 1992, against a \$1.8bn surplus last year.

## Guidelines for national courts published Brussels in anti-trust move

By Andrew Hill in Brussels

THE European Commission yesterday encouraged national courts to handle more Community anti-trust cases, publishing guidelines about how the existing responsibilities of national and central EC authorities could be split.

The initiative is part of the Commission's effort to decentralise responsibilities, in the face of accusations that too much power is conferred on the Brussels bureaucracy. However, the Commission continues to exercise substantial powers in the area of competition, as it demonstrated yesterday by publishing nearly 40 anti-trust and state aid decisions, including a hefty Ecu10.1m (£8.17m) fine on a Belgian-run shipping cartel.

The Commission, which will continue to supervise deals with Community-wide significance, said anti-trust action through national courts would almost certainly be quicker than at European level, and would enable successful com-

plaints to receive legal costs or damages, which Brussels cannot award. But most national authorities will still have to consult Brussels before making decisions, in case the rulings conflict with existing Commission decisions.

Brussels will also help national authorities by offering advice on EC law and statistical support. The guidelines are part of wide-ranging procedural reforms put forward by Sir

Leon Brittan, who will step down as competition commissioner on January 6 when he takes over responsibility for external economic relations.

The Commission decided yesterday to fine the Associated Central West Africa Lines shipping conference for allegedly restricting competition in the shipping services between Europe and Zaire and Angola.

The bulk of the fine, amounting to some Ecu8.6m, was levied on the quoted Belgian company, CMB, which was the principal member of the conference. CMB will have four years to pay the fine.

Separately, the Commission has opened a four-month in-depth inquiry into last month's decision by Siemens of Germany and Philips of the Netherlands to bring their optical fibre and telecommunications cables activities under the control of two new joint companies.

The Commission said it was worried about "the narrow supply structure" created by the deal.

## EC states asked to lift border controls

By Andrew Hill in Brussels

EUROPEAN Community member states will be asked to lift border controls on goods on January 1 even though national restrictions on a number of sensitive imports and exports - currently checked at frontiers - are still in place.

EC commissioners met yesterday for the last time before the barrier-free market comes into force, but failed to come up with a temporary solution to the single-market anomaly of continuing national quotas.

Advocates of the barrier-free internal market fear member states will try to keep border controls on some goods such as textiles and footwear in order to enforce national quotas.

EC foreign ministers failed on Monday to resolve a dispute which links the strengthening of EC trade weapons to the scrapping or harmonisation of national quotas on certain non-EC goods.

The Commission did decide yesterday to set up an emergency unit made up of national

single-market officials, who will consider any practical problems arising in the first months of the new free trade area.

At Monday's meeting, ministers also failed to agree a definitive system for monitoring the movement of "dual-use" goods, which have military and civilian applications. The lack of a definitive system raises fears that arms traders may be able to get sensitive dual-use technology through the EC's weakest external frontiers to areas of conflict.

In addition to dual-use goods, there will be no definitive system for monitoring the movement of bananas until next July at the earliest, and member states have not worked out how to regulate the import and export of works of art in the absence of border controls.

Brussels is particularly concerned to ensure that border controls on goods are lifted after January 1, because member states have singularly failed to meet the deadline for abolishing checks on people.

## Strong franc hits French exports

FRANCE'S trade surplus fell sharply last month as the strength of the franc since the September currency crisis led to a squeeze on exports, writes Alice Rawsthorn in Paris.

The preliminary November trade figures published yesterday indicated a surplus of FF389m (\$72m), far below October's FF789m.

Exports slipped from FF100.5bn in October to FF100.2bn last month, while imports rose slightly from FF99.7bn to FF99.8bn.

The November figures took the trading surplus for the first 11 months of 1992 to FF22.5bn, against a deficit of FF27.5bn in the same period last year.

## Smokers face 30% price rise

French smokers, banned from many public places by strict new laws, face another blow: a 30 per cent rise in tobacco prices next year, Alice Rawsthorn reports. They are the latest target of the government's efforts to cut the spiralling budget deficit.

Early yesterday, parliament voted to raise the price of tobacco 15 per cent on January 18, and another 15 per cent on May 24. This means France's smokers will have to pay FF13.70 (\$2.56) for a packet of 20 cigarettes next month, and FF15.75 from May. The government stands to gain an extra FF4.5bn in revenue.

## Bouygues wins stadium deal

Bouygues, the French company which is the world's largest construction group, has won a FF530m (\$88m) contract to build a new stadium for the Hong Kong football club and a new headquarters for the prestigious Jockey Club, writes Alice Rawsthorn.

## Court suspends Moi candidates

Kenya's High Court yesterday suspended nominations of nine candidates from President Daniel arap Moi's ruling Kariakwu party after opposition parties alleged foul play in next week's general elections. Renter reports from Nairobi.

The ruling temporarily stopped the automatic election of nine Kariakwu candidates who were declared unopposed in the country's first multi-party polls for 26 years. Opposition parties alleged their candidates were prevented from handing in nomination papers.

## Somalia mine kills American

An American civilian was killed and three others injured when their vehicle hit a mine in Somalia yesterday, the first casualties among those working for the US-led military relief effort. Renter reports from Mogadishu.

The anti-tank mine exploded near the southern famine town of Bardera, where 1,000 US Marines are expected today.

## Toxic dam is shored up

Efforts to strengthen the unstable Mojokovic dam in the Yugoslav republic of Montenegro are progressing well, Mr Hans Zimmermann, co-ordinator for the emergency relief work for the UN disaster relief agency in Geneva said yesterday. Wrote Frances Williams in Geneva. Floods in October damaged the dam, threatening an ecological disaster if the tonnes of toxic waste pour into the Danube.

## US orders for durable goods fall by 1.9%

By Michael Prowse

US durable goods orders fell 1.9 per cent between October and November, more than expected, official figures showed yesterday. The fall followed a 4.6 per cent rise between September and October and mainly reflected weakness in the defence and civilian aircraft sectors.

Orders for non-defence capital goods, excluding aircraft, rose 0.3 per cent. Figures for

personal incomes and consumption were also weaker than expected. Personal incomes rose 0.2 per cent last month against 1.1 per cent in October. Personal consumption grew 0.3 per cent in real terms against 0.4 per cent in October.

Changes in farmers' subsidies distorted figures. Excluding distortions, incomes rose 0.3 per cent last month. Fourth-quarter consumption spending is expected to be above third-quarter levels.

## Un sceptical Germans disbelieve warnings

By Christopher Parkes  
in Frankfurt

GERMANS seem to be either unmoved by the threat of recession, or simply unaware of what is going on, according to opinion polls just published.

While more than 55 per cent of the population say they are optimistic about prospects in 1993, almost 40 per cent admit that they do not know the meaning of the word "scepticism".

The term is a new national favourite among headline writ-

ers and glum newsmongers who daily are obliged to present ever-blacker economic and political stories.

The discoveries were made by the respected Wicket opinion poll institute. It asked more than 3,000 people how they felt about the new year as it has for the past 40 years. It asked a similar number if they understood what *Skepsis* was because the pollsters wanted to check whether the word was suitable for inclusion in their mood-monitoring exercises.

Around 85 per cent of west

Germans got it right. But only 58 per cent of easterners understood.

Misinterpretation was rife in both sides of the country. Those willing to have a stab, rather than shrug, declared that scepticism was either a sickness, a girl's name, a type of vegetable or, revealingly, "an expression for great hope, joy or confidence". The less entertaining but equally surprising results of the exploration of German expectations, showed the optimism quotient well above the 40-year average

of 60 per cent and only one percentage point down on the result last year when most signs still pointed to continuing economic well-being.

Even now, a good 40 per cent of the population apparently does not believe the Bundesbank, the government, economists or the media which for the past few months have warned almost daily of recession or, in the Bundesbank's words, a slowdown. Nor does this carefree proportion seem to have been affected by the job losses announced this year.

According to Wicket's records, optimism last peaked in the poll taken in December 1988, when 72 per cent said they were looking forward hopefully. The mood proved justified. The economy expanded by 7.5 per cent in 1989, the highest figure in 10 years.

Popular feelings were also a powerful indicator in 1981, when real growth was only 0.1 per cent, and when only 41 per cent claimed to be optimistic. The next year gross national product fell for the first time in seven years.

## Man to keep Clinton's name in lights

Jurek Martin analyses the choice of Mr Warren Christopher as US secretary of state

MR Zbigniew Brzezinski's line on the international conference circuit has been that President-elect Bill Clinton had the choice of two sorts of people as his secretary of state - someone known for process, or for ideas. On the hypothetical short list of President Carter's former national security adviser, only one man seemed to combine both attributes - Mr Warren Christopher, duly anointed by Mr Clinton on Tuesday.

On the other hand, Mr Richard Perle, assistant secretary of defence in the Reagan administration and as hawkish as Mr Brzezinski, disagrees. While full of compliments about Congressman Les Aspin at the defence department, Mr James Woolsey at the CIA and even Mrs Madeleine Albright as ambassador to the United Nations, he finds Mr Christopher's elevation "puzzling".

Partly this is because he served as number two to Mr Cyrus Vance in the Carter state department ("not notably successful in foreign policy" in Mr Perle's partisan view) and partly because the "prince of darkness" turned novelist confesses he had no idea what Mr Christopher's world view is. Somebody has to be the source of policy ideas in



Christopher: regarded as the quintessential public servant

the government, he adds.

There can be a bit of tension among foreign policy experts, exceeded only by academics and something of a point. Mr Christopher, like Mr Vance, is the quintessential public servant who does whatever job is handed to him, simply demonstrated by his efforts to secure the release of US hostages in

Tehran in 1980-81 and by his investigation of the Los Angeles riots earlier this year. But he has never considered it necessary to embellish his thoughts in learned journals or on the conference circuit.

But Mr Perle might be missing a larger point. This is that the next US government will be the Clinton administration, with the president's name in

lights and in every corner of policy, domestic and foreign. He wants the best advice - and is assembling an administration of diverse talents to secure it - but he is not about to abdicate broad policy areas to anyone. Mr Clinton has studied past presidencies with great care. He knows he beat Mr George Bush because his opponent neglected the domestic economy. He senses that one reason for Mr Carter's troubles was that he allowed competing fiefdoms to run riot in foreign policy. He believes President Reagan was a success because he had clear policy goals and the gift of being able to communicate them.

Thus the Clinton team comprises those who know both the workings of Washington and the country at large. He announced his economic and social policy advisers first because of the symbolism of that act. He can tolerate different points of view because he intends to be not only the arbiter between them, but the principal communicator of whatever emerges.

The task might appear to be superhuman, even to a young president to whom policy is the mother's milk. Already the press is full of doom-laden articles arguing that the world

is so volatile that Mr Clinton's promised "laser beam" focus on the domestic side is misguided, and, alternatively, that he, like every other president, is bound to find Moscow more fascinating than Los Angeles and will inevitably leave things undone at home.

Mr Clinton does concede that he comes to the office with no record in the international arena. He once said, in the flush of campaigning, that in a fast changing world experience was not necessarily the greatest qualification. Nobody disputes that he is the fastest of students, quicker even than Mr Carter, who was no slouch.

But even he lacks institutional memory and that, in sum, is what Mr Christopher, Mr Aspin, Mr Albright, Mr Woolsey, and Messrs Anthony Lake and Sandy Berger at the national security council, have been brought in to provide. Matters less than all but Mr Aspin served in the Carter administration than that they all know, certainly including Mr Aspin, where the foreign bodies are buried.

In sum, it looks very collegiate and very experienced, which is precisely what Mr Clinton, indisputably president of the college but lacking the formal experience, needs.

## Defence post for old campaigner

By George Graham  
in Washington

MR Bill Clinton's choice of secretary of defence in his new administration is far from being a "stealth" nominee.

Congressman Les Aspin's thoughts on just about any aspect of defence policy are copiously detailed in the pile of position papers and discussion documents he has produced in 22 years representing Wisconsin's first congressional district - the last eight of them as chairman of the House armed services committee.

A rumpled, 54-year-old economics professor, Mr Aspin and his staff - sometimes joined by his Republican colleagues - have in the last year alone produced reports on post-cold war US force structure, the lessons of the Gulf war, military procurement policy in an era of reduced defence budgets, and when to use force in conflicts such as those in Bosnia and Somalia.

Pentagon and defence industry officials do not always agree with his conclusions, but they have, for the most part, commanded the respect for his incisive reports on post-cold war US force structure, and his under-

standing of their relationship to budget questions.

Mr Aspin, along with Senator Sam Nunn, his Senate counterpart, has led the fight to destroy the Democrats' reputation as soft on defence, and his efforts in this direction have not always endeared him to his more dovish colleagues in the party, such as Congressman Ron Dellums of California, who is likely to take over the armed services chairmanship.

Military leaders are unlikely to be too worried by Mr Aspin's arguments for bigger cuts in the US force structure than the 25 per cent put forward by the current administration; most recognise that deeper cuts were likely to be made even if President George Bush had been re-elected.

Greater potential conflicts may loom in Mr Aspin's criticism of what he calls the "all or nothing school", which fears another Vietnam, or another Beirut any time US forces are used.

Here too, however, many generals appear to recognise that Mr Aspin has a point when he questions "the willingness of the American people to pay \$250bn (£165bn) or even \$300bn a year for a military that is not very useful".

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## Bethlehem's Christians have few reasons to celebrate Christmas

By Hugh Carnegie  
in Bethlehem

A LARGE group of Christians from around the world will gather at midnight tonight in Bethlehem to celebrate the birth of Jesus in the hilltop Judean town. But for the Christians for whom Bethlehem is home, there is not much to celebrate - especially this Christmas.

The Palestinian Christian community is subject, like all local Arabs, to the harsh strictures of Israel's 25-year control of the West Bank town, and over recent years their long-standing majority in the area has been upset by a fast growing Moslem population.

Bethlehem's Christians - who make up most of the 50,000-60,000 Palestinian Christians still left among the 2m Arabs of the West Bank, Gaza and Jerusalem - have rarely felt their predicament more sharply than during the row over Israel's deportation of 415 alleged Islamic fundamentalist militants to Lebanon.

Publicly, Christian leaders, including long-time Bethlehem mayor Mr Elias Freij, declared solidarity with Hamas, the radical Moslem organisation which is strong locally and which was the main target of

Israel's action. Palestinian Christians have no love for Israel or its repressive occupation.

But privately, many Christians in the area fear Hamas, which is dedicated to establishing an Islamic state in Palestine in which Christians fear they would be in jeopardy.

**'I'm very distressed that we are just a forgotten people. I think every Christian in the world has a moral obligation towards Bethlehem'**

"Some people were congratulating the Israelis for hitting Hamas," admitted a local Christian businessman.

"We are afraid," said Suha, a young Greek Orthodox woman (the Greek Orthodox and Roman Catholics form the two biggest churches among Palestinian Christians). "The Moslems don't like the Christians and they are stronger."

It is important not to overstate the case. Mr Freij points out that, historically, Christians have played an important part in the Palestinian nationalist movement. Mrs Hanan Ashrawi, the Palestinian spokeswoman at the peace talks, is, for example, from the

tiny Palestinian Anglican community. Mr Freij says he does not fear subjugation by Moslems in an independent Palestinian state.

But he does not conceal his anxiety about the long-term vitality of the local Christian community. "Of all the towns in the world, Bethlehem is the

capital of the Christians. It should always have a Christian character and influence. How that can be realised, I don't know," he says.

Until the middle of this century, Bethlehem was little more than a large village of low stone houses dominated by the bulky Church of the Nativity, built over the supposed site of Christ's birth.

The predominantly Christian population of those days of 10,000 has been transformed, however. Waves of Palestinian refugees crowding into the town since Israel's foundation in 1948 and a steady drain of Christian emigration have resulted today in Christians

making up only 35,000 of the 100,000 population of Bethlehem and its traditionally Christian neighbours, Beit Sahour and Beit Jalla. Since 1987, much land has also been taken over by a rash of Jewish settlements.

Mr Freij says emigration over the years has led to a population of 300,000 in the Americas whose roots are in the Bethlehem area - many in South America.

Hannah, a Catholic woman, says she and her family feel squeezed and neglected. Her son was arrested by Israeli soldiers in their home at midnight a few weeks ago. He was badly beaten and held for a week before being released. But she is also frightened by what she says is a wave of violent robberies of Christian households by local Moslem thieves. "Nobody helps the Christians," she says. "We are unhappy. We are afraid because we are very few. I want very much to go to America."

Mr Freij says Christians all over the world should respond by giving aid to the Christians of the town. "I'm very distressed that we are just a forgotten people. I think every Christian in the world has a moral obligation towards Bethlehem."



IN THE BLEAK MIDWINTER: A group of Palestinians deported by Israel warm themselves round a fire at the newly-established makeshift refugee camp in south-east Lebanon yesterday.

## France is ordered to quit China consulate

By Yvonne Preston in Beijing

CHINA has ordered France to close its consulate in Guangzhou in protest at the sale of 60 Mirage fighter aircraft to Taiwan. France, which refuses to confirm the sale, said it regretted the decision.

China claims sovereignty over Taiwan and has always denounced weapons sales to Taipei, threatening the countries supplying them with reprisals.

Jiang Enzhu, China's vice-minister of foreign affairs, said the sale had seriously worsened bilateral relations.

By insisting on it "in disregard of the strong objection of the Chinese side, the French government has seriously infringed upon China's sovereignty and security, interfered in China's internal affairs and obstructed and jeopardised China's efforts to achieve peaceful reunification," Jiang said. "This is absolutely unacceptable to the Chinese side."

The consulate has been ordered to close within one month, a move which could affect French business interests in the fastest-growing economic region in the world.

French companies fear their business in the pipeline, including the supply of Airbus aircraft to Chinese airlines, could be cancelled. The French company with the most to lose is Framatome, now completing its second nuclear power station at Daya Bay. Framatome has been involved in active talks to build two more reactors and Guangdong province may need up to 12 more plants by the year 2010.

The value to the French company Dassault of supplying Taiwan with Mirage fighters and over 1,000 missiles is put at \$2.8bn.

China's move against French business interests raises questions about whether it will now feel compelled to take steps against the US. To win defence industry votes during the presidential election campaign, Mr George Bush authorised the sale to Taiwan of 150 F-16 jet fighters.

## Political disarray compounds Japan's economic woes

BEFORE THE Japanese government halved its growth forecast for this year, most consumers knew something was definitely wrong with the economy - for the past few weeks they have been flooded with retailers' catalogues offering deep discounts well ahead of the traditional New Year sales.

The delay in cutting the growth estimate from 3.5 to 1.6 per cent partly shows the government is playing to an international audience as much as to Japanese consumers more inclined to believe retailers' promises than the government's optimistic economic projections.

The US is pressing Japan to prove it is stimulating the domestic economy and making a contribution to international recovery. Meanwhile, the Finance Ministry, now making final adjustments to the 1993-1994

**Tokyo is playing to an overseas audience, Robert Thomson writes**

budget, confessed spending would be limited by a fall in tax revenue, leaving the government's forecast of 3.3 per cent growth next year open to mockery even from within the ruling Liberal Democratic Party.

Mr Hiroshi Mitsunaka, head of an LDP faction, suggested the forecasts were made "for another country, not our own". The Association of Corporate Executives said the growth target already seemed out of reach.

The budget draft calls for a 0.2 per cent increase in total spending, but a

4.8 per cent increase in public works outlays, which the Finance Ministry hopes will encourage a recovery. But most private economists and Mr Kiichi Miyazawa, the prime minister, believe another spending package and income tax cuts are necessary.

Even so, the economy is unlikely to grow by the estimated 3.3 per cent next year. Private growth forecasts range between 2.3 and 2.8 per cent, and a few Japanese economists expect no more than 2 per cent, believing things will get worse before getting better.

Personal consumption is especially weak and corporate fixed investment, estimated to be down 3.8 per cent this year, is still falling. Department store sales are about 5 per cent down on a year earlier and shipments of personal computers in October were 29 per cent lower than

in the same month last year.

Another sign of the continuing slowdown was a 0.5 per cent contraction in money supply growth last month, against a year earlier. The Bank of Japan argues the decline was due more to a fall in demand for new lending than to banks' inability to lend, but it is clear these institutions, burdened by an ever larger pile of non-performing loans, have become extremely risk-averse.

The banks are scheduled to launch a loan and land buying agency next month, but it will speed the write-off of bad loans rather than stimulating the ailing property market, the prime cause of their problems. Mr Miyazawa has hinted that public funds might eventually be used to support the banking system, though that would require a decisiveness not seen in his first year of rule.

Some of the confusion over economic policy follows this year's political scandals. Finance Ministry officials have generally relied on the political guidance of Mr Noboru Takeshita, the former prime minister, in drafting budgets, but he has been sidelined by scandal. The influence of Mr Shin Kanemaru, until recently the "godfather" of Japanese politics, was frequently sought in settling sensitive financial issues.

The LDP is still in disarray, with talk of new parties and the present factions trying to poach new members, but the government will need to find a new policy fixer. A forecast \$135bn (£88.8bn) trade surplus next year is likely to create problems with the US and EC, while squeezing tax cuts past the Finance Ministry will need deft negotiation.

Having got this year's figures very

wrong, the Economic Planning Agency has declined to say when a recovery will begin. It admits no sudden upsurge will occur in consumer demand or capital spending. The EPA insists Japanese companies face a cyclical rather than a structural downturn: the agency expects little rise in unemployment above the present 2.3 per cent.

But signs exist that Japanese manufacturers, with their third year of declining profits, will lay off employees if demand keeps weakening. Car makers have transferred office staff to production lines and reduced part-time working, yet car sales keep falling. Production in November was down 9.3 per cent on a year earlier. Over the next year, the government may face not just lower-than-forecast growth, but also higher-than-imagined jobless figures.



Edoardo Volonteri, Country Manager Akzo Coatings Italy:

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CREATING THE RIGHT CHEMISTRY





## NEWS: UK

## Seaside resorts in rush to claim regional aid

By Ralph Atkins

THE DECLINING fortunes of traditional British seaside resorts have led to a rush of applications to the government for regional aid more usually reserved for depressed industrial regions.

A welter of coastal towns have applied for Assisted Area Status in the hope of winning regional grants, the Department of Trade and Industry has confirmed.

"It would be fair to call it a flood," said Mr Dennis Artess, under-secretary for leisure and tourism policy at the Tory-dominated Association of District Councils.

The DTI will announce early next year the review results - the first shake up of the assisted area map since 1984.

Among councils applying because of economic circumstances - in other industries as well as tourism - are the seaside resorts of Blackpool (north-west), Brighton (south), Clacton (east), Great Yarmouth (east), Ilfracombe (south-west), Skegness (east), Torquay (south-west) and Thanet (south-east).

Tourist areas have suffered

from changing holiday patterns, with more long-stay holiday makers going overseas, while other UK destinations, including urban areas, are becoming increasingly successful in attracting day trippers.

The conference market is highly competitive while the recession has also hit other industries, such as financial services in the south, on which economic growth in resorts has depended. Unemployment rates in some tourist areas are on a par with existing Assisted Areas.

However, the resorts could become knock-on casualties of the controversy over coal pit closures. Mr Michael Heseltine, trade and industry secretary, has already said that Assisted Area Status will be used to help distressed mining regions.

That will almost certainly restrict the number of new areas which will benefit. The final list has to be approved by the European Commission. "It will be a breakthrough to get a coastal area designated Assisted Area Status," Mr Artess said.

Assisted Area status gives access to the government's regional grants for job creation

and small business promotion. Criteria used in choosing regions include unemployment levels and measures of social deprivation.

In its submission, Blackpool Borough Council said: "Blackpool's image as a holiday resort diverts attention from the assessment of its real economic problems and the underlying weakness of its local economy and industrial profile. "Blackpool is a serious unemployment blackspot which remains disadvantaged by the existing Assisted Area map."

Brighton Borough Council, together with neighbouring authorities, says local manufacturing industry has been "decimated," the area's role as an office centre has been hit by oversupply in London, and restructuring in financial services will hit "a mainstay" of the local economy.

Its report adds: "All the players in the local economy recognise that the prognosis is bleak, that complacency is unwarranted, and that greater, more pro-active public sector leverage is required if Brighton and Hove... are to realise the area's economic potential."

## Major calls policy summit to relaunch UK domestic agenda

By Philip Stephens, Political Editor

MR JOHN MAJOR has called a New Year summit meeting of Downing Street policymakers to relaunch the government's domestic agenda after the crisis-management of the past few months.

Members of the prime minister's policy unit have been asked to prepare broad-ranging policy papers covering plans for every government department for a two-day "seminar" at Chequers starting on January 10.

The talks, which will be attended by all Mr Major's principal advisers, reflect an acknowledgement that the September sterling crisis and the

government's subsequent pre-occupation with Europe derailed its domestic agenda.

The aim will be to develop new policies to give substance to Mr Major's manifesto commitment to promote ownership, choice and opportunity.

The seminar will follow the prime minister's signal earlier this week that he wants the March budget to focus on increased aid for industry, particularly to boost investment.

Senior officials acknowledge there will be no scope in the budget to reduce personal taxes and that Mr Norman Lamont may be forced to raise the tax burden by extending the scope of Value Added Tax.

Downing Street advisers have so far been focusing on

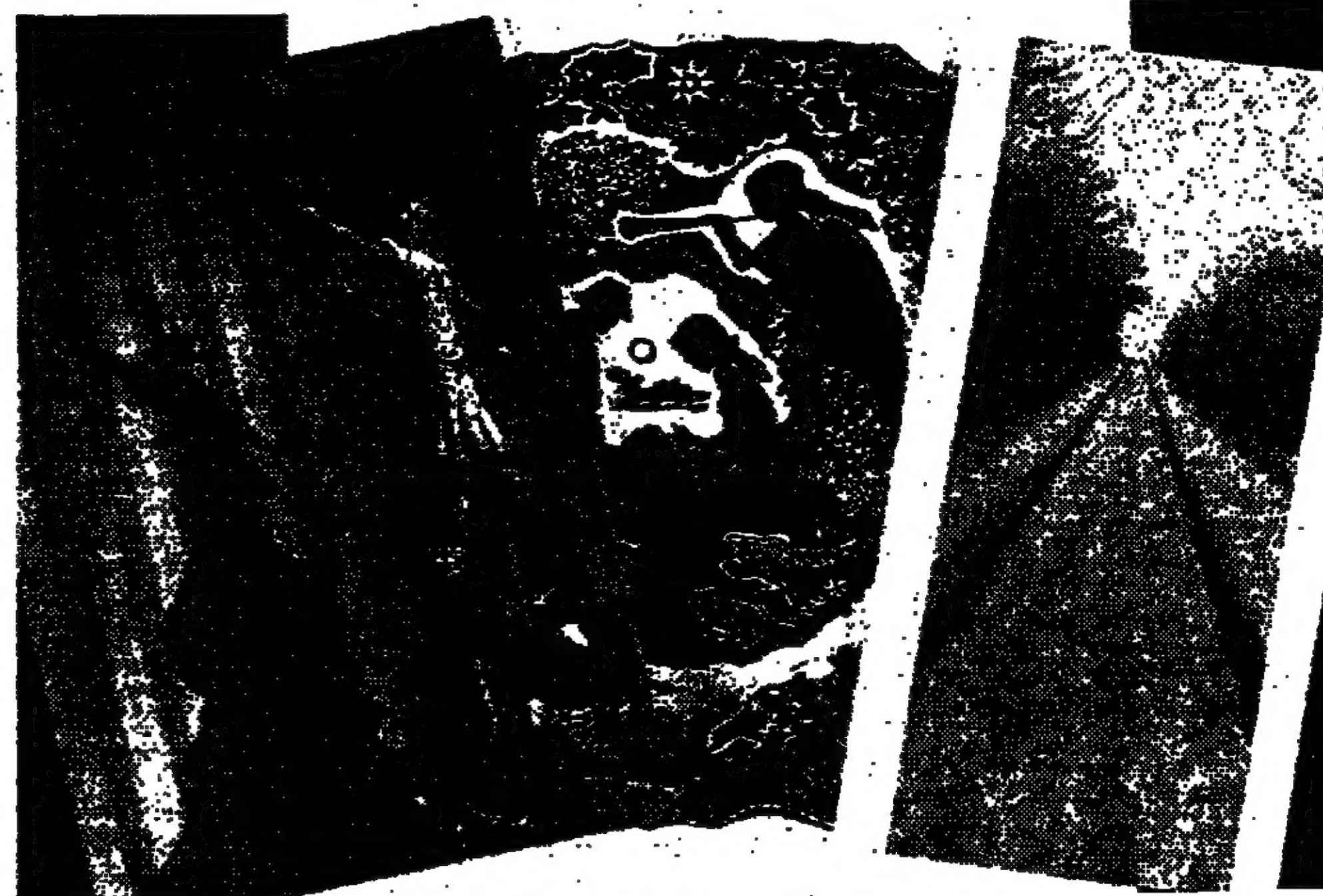
plans for new education and training initiatives for 16 to 19 year-olds, for greater co-operation with manufacturing industry, for another burst of deregulation, and for new Citizen's Charter initiatives.

But the seminar will range across every department, reviewing short and medium term plans for housing, social security, health and transport as well as proposals for a radical overhaul of the police and prison services.

The Chequers meeting will be followed by a series of cabinet-level meetings to set out the new programme. Every senior minister has been asked also to produce new proposals to give momentum to the Citizen's Charter.

## Clay Harris takes an international look at 1992's corporate Christmas cards

### Smart cards keep the festive spirit



Cards of note from, left, Lewis Silkin, The Design Centre, and right, Deutsche Bundesbahn

SENDERS of corporate Christmas cards, take note. All European Community cards must be harmonised by 1997, according to a spoof directive distributed by accountants Blackstone Franks.

Judging by this year's crop of corporate cards, harmony is a long way off in Britain alone, much less the rest of Europe. In choice of subject, and in addressing the thorny issue of how commercial a card should be, there is a healthy diversity.

On the eve of the single market, Europe is on the mind of many senders - sometimes humorously, as with Blackstone Franks and the British Clothing Industry Association's Euro Snowman which "must not be taller than 1.3675 metres", but often mundanely, with the 12 EC members' flags displayed as tree ornaments or presents. Panasonic Europe plants the flags in a map which shows almost all of the world, except Japan, its home.

The UK Meteorological Office is more original, sending a weather map of north west Europe showing conditions on Christmas day in 1892.

More senders appear to include a commercial message on their cards than in previous years. This can be blunt in the extreme. Opinion Leader Research and Vandenberg Public Relations emblazon their name or initials on the front without a hint of the festive season. Few in the motor industry forgo an opportunity to plug cars.

Westland has Father Christmas in an EH101 helicopter. Seagram London illustrates "Get into the spirit of Christmas" with bottles of its brands hanging on a Christmas tree while Guinness, showing a pint, proclaims: "Not everyone's dreaming of a White Christmas".

Perhaps campaigning organisations can be allowed some leeway. Through deft editing of a Christmas Carol, the Maxwell/AGB Pension Schemes Contributors Association lets Dickens make its point about the ghost which still haunts the pensioners. Camra (Britain's Campaign For Real Ale) has a go at changes in the brewing industry, adding wishes for "a con-

centrated new year". But Northumbrian Environmental Management surely should have drawn the line somewhere short of featuring Father Christmas delivering a sleigh-full of parcels labelled "liquid treatment", "clinical incineration" and the like.

London Docklands Develop-

ment Corporation keeps up the threat of its "Knocker" and "Docker" ad campaign. The present-giving taste of the former, of course, makes us shudder - "five golden 'Eurovision' greats' albums...two turtle neck jumpers (nylon)" - while the latter is bang up-to-date, at least to the late 1980s: "five golden autumn leaves (pressed)...three French hens (free range)".

The Financial Times is in no position to condemn commercialism, however. Its card - which has sparked a lively internal debate and inspired doctored versions - shows a robin in snow which has cov-

ered all but a plink corner of the FT.

Some of the most successful cards use subtle allusions to the sender's line of business, literally in the case of Deutsche Bundesbahn's railway in the snow (pictured). The tree-top fairy (also pictured) casting a shadow in the image of the

for an advert, concludes with "cut to pack shot" showing baby Jesus in cot.

The best religious card this year was the wood engraving in black, pink and yellow (pictured) from the Design Council.

But the London branch of the US investment bank Gold-

This year one can connect the dots with Philidrew Ventures, make a turkey pop up with the help of London PR agency Paternoster Partnership, or don red and green specs to appreciate the 3-D Father Christmas bursting from a Mills & Allen poster hoarding.

man Sachs shows how good a purely secular card without any seasonal reference can be, reproducing a painting from its collection by the British artist Keith Milow.

One way of making a card stand out from rows of cherubim on the wall is to give the recipient something to do.

This year one could connect the dots with Philidrew Ventures, punch out and make a Christmas tree with ITV, make a turkey pop up with the PR agency Paternoster Partnership, open the windows on an "advert calendar" to reveal names of FCA's clients or don red and green specs to appreci-

ate the 3-D Father Christmas bursting from a Mills & Allen poster hoarding.

Beauty is in the eye of the beholder nowhere more than in Christmas cards. But this beholder has had enough.

Enough impressionists. Even Old Masters begin to pall unless they are reproduced as large and sumptuously as an Albrecht Durer from the commodity "brokers' Brackets Group and a Benetton Group management consultants Arthur D Little.

And enough generic winter scenes of London, especially of Ludgate Hill near St Paul's with the now-removed railway viaduct.

And enough bad puns from public relations companies, like "skate on thin ice" and "gravy train", on a bill of fare from Rostrom Parry. Why then do I smile at Publicis Dialogue's cartoon of a poor man gathering winter fuel, as the good king is advised "invite him in, Wenceslas - it'll be really fabulous PR".

Perhaps it is because the harmonising of Christmas cards must remain a jest. Otherwise, we might receive only worthy sentiments like those on the front of the card from Caterpillar of the US: "Our entire organisation joins in wishing you a happy holiday season."

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### Britain in brief



#### Rise in saving could delay UK upturn

A sharp rise in personal savings has underlined the depth of consumer resistance to substantial increases in spending, in a development which may hold back an upturn.

Britain's economic weakness was also underlined by news that wages and salaries declined in the third quarter of this year compared with the previous three months - the first time that these items have seen two successive quarter-on-quarter drops since government records started in 1955.

The Central Statistical Office said the savings ratio - personal savings as a percentage of personal income, less income tax, social security contributions and other financial transfers - climbed to 12.3 per cent in the third quarter.

#### New car sales soar by 30%

New car sales soared by nearly 30 per cent in the first 20 days of this month compared with last December, providing much the firmest indicator so far that one of the steepest slumps in the industry's post-war history may be coming to an end.

As the month's sales reached the 60,000 mark - up from just over 46,000 in the first 20 days of December, 1991 - one of the industry's most respected analysts said that conditions were emerging for a "very much more rapid" market recovery next year than virtually anyone in the industry has bargained for.

#### Consultants to assess pits

Mr Michael Heseltine, the trade secretary, has appointed Boyd's, the mining consultants, to give an independent opinion on whether British Coal should proceed with ten pits earmarked for closure.

This followed the High

Court ruling on Monday requiring an independent assessment of the ten before any closure decision was taken. British Coal had earlier decided to close the ten without consultation because, it said, they had no future. A further 21 pits are already being assessed by Boyd's.

#### Pension trustees to release funds

Trustees have agreed to a mechanism which will release money to some of the Maxwell pensioners from the Common Investment Fund (CIF), in which pensioners' assets from the different companies in the empire were pooled.

Law Debenture Trust Corporation, trustee of the Maxwell Communication Pension Plan, has been authorised to take out \$460,000 from the CIF as the first of a number of withdrawals. The action represents a breakthrough in negotiations just at a time when the liquid assets available to the plan - known as the "staff scheme" - were running out.

#### Court freezes Lynx accounts

The bank accounts of Lynx, the animal rights group which campaigned against fur farming, have been ordered to be frozen by the High Court, after it lost a libel case and was unable to pay damages and costs.

A High Court jury decided that the group, in literature circulated to MPs, wrongly accused Swalesmoor fur farm, near Halifax, West Yorkshire, of running a "hell-hole" and awarded \$40,000 damages, with costs estimated at more than \$100,000.

#### IRA declares Christmas truce

The IRA has declared a Christmas truce in Northern Ireland. Security chiefs had been expecting a brief halt to the violence and it was confirmed in a short statement issued by the Provisionals.

#### Tour groups offer discounts

Lunn Poly, Pickfords and Thomas Cook have followed Thomson, Owners Abroad and Airtrans in attempting to stimulate the sluggish summer hol-

iday market. Lunn Poly is offering 10 per cent discounts on holidays booked between December 28 to January 2 up to a total of £1m a day, while Pickfords is cutting the price of an average package tour by about 10 per cent.

#### Water company to hold prices

North West Water has reached agreement with Ofwat, the water industry regulator, to hold back price increases for the years to March 1994 and March 1995.

In September, Ofwat told 19 of the 33 water companies of England and Wales that it wanted the benefit of falls in construction costs to be passed on to customers. North West is the last of the 19 to reach agreement with Ofwat.

#### Shake-up at Welsh agency

The Welsh Office has announced a shake-up on the board of the heavily-criticised Welsh Development Agency. Following the decision of Dr

Gwyn Jones, chairman since 1988, to resign in the new year, Dr Roy Rickman, non-executive deputy chairman, of Simon Robertson, has been appointed deputy chairman.

#### Sir George Turnbull dies

Sir George Turnbull, former chairman and chief executive of Inchcape, the business services group, has died aged 68. Sir George had a long and varied career in the motor industry, both in the UK and overseas.

His career developed with Standard Motors from 1968, where he rose to be general manager. From 1968 to 1973 he was managing director of British Leyland Motor Corporation and from 1974 to 1977 vice-president of Hyundai Motors, leaving to work with the Iran National Motor Company. From 1979 he was chairman of Talbot UK.

He was also chairman of the Industrial Society's council from 1987 to 1990. Sir George, who joined Inchcape as group managing director in 1984 and was appointed chief executive in 1986, retired last year on medical grounds.

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In line with the government's privatisation policy and on the basis of Law 2000/1991, GREEK EXPORTS S.A., a subsidiary of the HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A. (EPIRA S.A.) based in Athens (17 Parnassos Street) and having been appointed liquidator by decision No. 2583/1992 of the Athens Court of Appeal, intends to sell the total assets of "VIEL S.A. - COATED ABRASIVES INDUSTRY" based in Athens and in which EPIRA S.A. is the principal shareholder, through the procedure of article 46a of Law 1892/1990 as supplemented by article 14 of Law 2000/1991.

VIEL S.A. was established in 1981 (Govt. Gazette 2627/81) and is engaged in the production and sale, both at home and abroad, of coated abrasive products.

The company's production plant is located in Patras in the Peloponnese Eastern. The factory was built on a plot of about 12,806 sq. metres in area. The factory has a surface area of 3,568 sq. metres in addition to which there are auxiliary buildings including 307 "offices, etc.). The basic material securing equipment is of German make (BRUCKNER) and the auxiliary machinery is American (GCE).

FINANCIAL DATA (in thousand drachmas)			
	1988	1989	1990
Total Assets	62,874	85,617	992,384
Total Sales	767	17,335	267,489

Note: The above financial data are derived from published balance sheets.

I. Interested buyers must submit a non-binding expression of interest within twenty days of publication of the present invitation.

II. Prospective buyers, after having promised in writing to maintain confidentiality, may receive the Offering Memorandum and have access to additional information on the Company for sale.

III. The announcement of a public auction for the highest bidder will be published within the prescribed time limits and in the same newspaper.

For any further information please apply to:

a) The Head Office of EPIRA S.A. (Shareholdings Dept.) 37, Syngrou Avenue, Athens, Tel. +30-1-429.4395 & 429.4396.  
b) GREEK EXPORTS S.A. 17 Parnassos Street, 1st Floor, Tel. +30-1-429.4395.



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## FINANCIAL TIMES

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Thursday December 24 1992

## No room at Europe's inn

THE NATIONS of western Europe should not be celebrating Christmas with too much gusto this year. It is after all a Christian festival in which the scenes of compassion and solidarity are traditionally emphasised. The story being retold this week by Christians around the world depicts God in a state of self-imposed human helplessness and homelessness - even as an infant refugee fleeing the organised violence of a ruthless state and finding hospitality in a foreign land.

It is a story all too topical in today's world, and this year it has become especially so for Europe. Three years ago refugees were almost exclusively a third world problem - people of the third world, most of whom stayed in the third world. Few of them sought asylum in Europe. Even then, they did not get a very Christian reception. More often than not they were accused of being "economic migrants" in disguise.

Now, however, the problem has become an internal one for Europe. War in the former Yugoslavia has driven up to 3m people from their homes. Several hundred thousand have already reached western Europe, by far the largest number being in Germany - the EC country with the most liberal asylum policy but also the most overtly ethnic citizenship laws, and perhaps a relatively low threshold of social tolerance towards foreign residents. To be fair, Germans are sympathetic to the Croat and Moslem victims of "ethnic cleansing", and there is no evidence that the xenophobia even of extremists in Germany is directed specifically at these particular refugees. But the sheer size of the latest wave of refugees adds to the pressures which extremists are exploiting, and which have produced such an agonised debate on the asylum issue.

### Necessary distinction

All European governments seek to distinguish between economic and political migrants - or, more strictly, between voluntary migrants and refugees who are forced to leave their countries. This is a real and necessary distinction. The right of asylum belongs to genuine refugees and should not be undermined by being used as a cover for voluntary migration.

But governments are deluding themselves if they imagine that any procedure for establishing this distinction, however minutely fair and swift, will by itself reduce the refugee problem to manageable proportions. That could only be done by tackling the source of the problem, namely the conflicts in the former Yugoslavia and those elsewhere in eastern Europe which have the capacity to

produce many more millions of refugees before the decade is out. Having so badly mishandled the Yugoslav conflict up to this point, governments must now face up to the probability that only military action in Bosnia can put a stop to the ethnic cleansing there. That might at least lend some credibility to the preventive diplomacy which may yet succeed elsewhere, if it is undertaken with sufficient speed and vigour and backed with significant resources - carrots, as well as sticks.

### More generosity

Such action is needed to prevent the problem becoming completely unmanageable. It will not make it vanish. European governments must also face the fact that they already have on their hands by far the worst refugee problem in Europe since the mid-1940s, and that for the next few years it is virtually certain to get worse rather than better. They cannot hope to manage it successfully if they stick to their present attitude, under which every country seeks to minimise its exposure and push the refugees back to their last port of call.

Most Europeans are rightly disgusted at the way 415 Palestinians have for a week now been turned into a human ping pong ball between Israel and Lebanon. But they themselves are doing something similar to much larger numbers of people, against most of whom there is not even an accusation of involvement in political violence such as Israel has made against the Palestinians. Under the Dublin Convention, asylum applicants are regularly sent back to the first EC country they arrived in; and under the resolution on "host third countries", adopted by EC immigration ministers last month, they are to be sent back whenever possible to the country from which they arrived in the EC, so long as it is not the one from which they were originally fleeing.

In the case of refugees from Bosnia or Serbia, this "host third country" will most often be Albania, Croatia, Hungary, Macedonia or Slovenia, all of which are far less equipped to cope with the influx than any EC state, and are already desperately overloaded. Most likely this will contribute to a breakdown of order in one or more of those states, and so to even larger flows of refugees westwards.

Thus a more generous west European attitude and an agreement to share the burden more equitably within the EC is not merely a matter of Christian ethics. It is a requirement of enlightened self interest, essential if the westward spread of chaos and violence is to be avoided.

After 40 years of extremely slow progress, the Dead Sea Scrolls have been catapulted back into the news. This Christmas is the first one at which ordinary readers can study almost all the texts in translation, and the new openness has led to all manner of wild historical claims.

Until quite recently, there appeared to be a learned consensus. The scrolls had been found at Qumran, the religious headquarters of a Jewish sect who were almost certainly to be labelled as Essenes. Their scrolls had originated at various dates between the second century BC and the middle of the first century AD. Keen members of the community studied scriptures, copied manuscripts and were probably expected to have nothing to do with women, although a few female skeletons were found in the nearby cemetery. There was a strict hierarchy, quite a lot of washing, endless praying and denunciations of polygamy, a practice which was not uncommon among richer Jews at this date. The administration included a chaplain, or priest, and two positions whose titles could be rendered as bursar and warden.

"It is not clear whether the bursar was distinct from the warden or whether one man dealt with both tasks," according to Professor Geza Vermes, a leading authority in the study of the scrolls and author of the soundest books on them in English. The community described itself as the "sons of light", revered the wisdom of a founding "teacher of righteousness" and hated the memory of a "wicked priest" in its history. They also believed that they were fighting a holy war which was about to erupt in the final drama of the end of the world.

In the early 1980s, there were times in my own Qumran of a library when I idly felt that their life did not sound so very different from my Oxford college, still all-male and confronted with the demonised Mrs Thatcher.

Since the mid-1980s almost every element in this picture has been attacked. We have been told that the religious headquarters was really a fortress (although its water supply was exposed to attack) and that the scrolls are a ragbag from various groups and places (although the main batch have a coherence which refutes this notion).

More radically, the residents have been seen as militant zealots, literally bent on holy war (although their language was clearly metaphorical). Worst of all, they have been equated with early Christians at a time when Christians in Palestine were known as Nazarenes (supposedly derived from the same root as one term for the sect in the scrolls). Their revered teacher of righteousness could be Jesus himself and the wicked priest could be none other than St Paul, or at least Paul could have gone in his Jewish phase to persecute this group in "Damascus", a term which is loosely used in one of their texts.

All these theories are untenable, especially the most recent Christian ones which are absolute rubbish. However, they have arisen from, and have been exacerbated by, impatience with the "official" text of publishers who had sat on the remaining scrolls for too long. Here, there has been a breakthrough which is the public achievement of 1991-92.

It began when two Hebrew scholars in Cincinnati published their

After 40 years, the controversial Dead Sea Scrolls are finally available for public scrutiny, writes Robin Lane Fox

## Illumination on the sons of light



own reconstruction of unpublished scrolls, ingeniously basing them on a published dictionary of all words used in the Dead Sea texts. Their version has turned out to be remarkably accurate. Among all the fuss, it then emerged, sensationally, that the Huntington Library in California was holding photographs of the unpublished texts and in the face of official protests from Israel, the library went ahead and published the lot.

Meanwhile, a comparable bunch of facsimiles were rapidly made available from Jerusalem for study in Oxford under the guidance of Prof Vermes. They are a fitting tribute to his years of contribution to the texts' correct interpretation. At last, the scrolls are where they should be, out in the open under scholarly scrutiny. This year has also seen the first accessible translation and commentary by Professors Robert Eisenman and Michael Wise, entitled *The Dead Sea Scrolls Uncovered*. Unfortunately, their own theories on the texts' significance are not reliable.

Most readers may well wonder why this continuing battle matters, except to specialists. It depends on who you are. Many people, but especially Jews, are intrigued to discover yet more variety in the Judaism of the years from c150 BC to 50 AD.

We cannot talk of orthodoxy or a single way, despite older textbooks on the subject. The sect in the scrolls were neither Pharisees nor Sadducees. Its members lived in bitter hatred of the temple's hierarchy, although they sent offerings to the temple itself and hoped for a replacement. Their calendar was eccentric; their view of history was lopsided; they studied horoscopes and astrology and aspired to heavenly visions; they called fellow Jews "sons of darkness". They also ruled that leaders must retire at 50 because God then enfeebled man's intelligence, and that no member

should deal with outsiders without changing a price.

Despite these sensible rulings, the keenest members probably led a life quite like the routine of the first monks. They had a lively hope of the end of the world and a sense that the spirit was among them.

Christians, of course, need to pay attention. Far too much polemic has been wasted on the belief that the scrolls will somehow "undermine" Christianity or make it seem "unoriginal". If the texts really do call people "sons of God", so do bits of the Old Testament. Certainly, they allude to messiahs, but we always knew that Jesus was not the only candidate; a recent claim that one messiah in a scroll is said to have been "pierced" in the side has collapsed on scrutiny.

On a calm view, it is well-known (though some scholars, especially in Germany, have sometimes forgotten) that the first Christians were Jews and that their originality was simply that they believed the messiah had come as Jesus and risen from the dead. Their impact did not

lie in entirely new titles or language. Parallels are to be expected, but the emphasis was different.

The scrolls do add to the historical context in which early Christianity also emerged. Among their sect, there was mention of a special meal of bread and new wine, to be repeated in due course with the messiah; there was a new covenant and a new 12 tribes of Israel; the end was imminent and a spirit was active. There was no idea of redemption, and whatever their great teacher of righteousness may have taught, he did not use parables or work miracles or proclaim a kingdom.

As for the messiah, the scrolls seem to recognise two whose identities are very obscure. Odd bits of the Christian epistle to the Hebrews do look less odd when seen beside bits of these texts. It is also fun to wonder if wild John the Baptist had an earlier connection with them, although that cannot be known. The closest link with Christianity lies in the rather similar imagery of early Christians - who were possibly celibate - in the first Syriac texts surviving from the Middle East. Again, it is certainly not known if some of the sectarians of the scrolls had simply converted to Christianity.

For those who are not Jews nor Christians, there is a reassuring moral. Members of the sect believed that their doctrine was absolutely infallible, that the world would shortly end with their triumph over everyone else, that their history could be extracted from existing scriptures and that the end would begin in 40 years. It is a point of the highest interest that their texts of our Old Testament books are earlier, and often rather different, to those printed in conventional Hebrew bibles. This discovery is extremely significant for the textual history of the so-called word of God.

There is another conclusion, hardly less satisfying. Despite their self-proclaimed infallibility they were wrong on every single point. The scriptures did not refer to them at all; they mistook the end; they never triumphed; they got it utterly wrong. After the war with Rome in 70 AD, they and their history disappeared. Mercifully, the "sons of darkness" won.

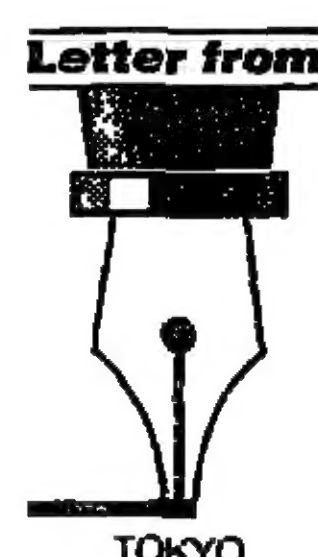
At dawn and dusk, every day, members of the sect would pray, supposedly in the company of the angels whose singing they joined with their own. "Hark, the herald angels sing..." When I sing these Christian words each year as an atheist, I also remember those singers in the Dead Sea wilderness, convinced of the angelic presence, yet utterly mistaken in what they believed to be infallibly known.

### Further reading

G. Vermes, *The Dead Sea Scrolls in English*, 3rd ed. 1987 (Penguin). £2.99  
G. Vermes, *The Dead Sea Scrolls: Qumran in Perspective*, 1982 (SCM Press). £10.50  
Robert Eisenman and Michael Wise, *The Dead Sea Scrolls Uncovered*, 1982 (Elameth). £14.95  
Michael Baigent and Richard Leigh, *The Dead Sea Scrolls Decoded*, 1991 (Corgi). £4.99  
J.A. Fitzmyer, *Responses to 101 Questions in the Dead Sea Scrolls*, 1990 (G. Chapman). £8.99  
G. Vermes and M. Goodman, *The Essenes According to the Classical Sources*, 1992 (J.S.O.T. Press, Sheffield). £16.50

## 'Tis the season to be thrifty

In Japan, extravagance is a ghost of Christmas past, says Robert Thomson



Japanese Christmas, not constrained by a Christian spiritual tradition, lends itself to an annual redesign in much the same way as a car tender or a skirt hem. What was fashionable last year now seems gawky and out-of-place, and what is fashionable this year may have a shelf life of just one season.

Last year, Christmas Eve was supposed to be spent with that special person in a four-star hotel on the fringe of Yokohama harbour. The couple had already dined Italian, hired a karaoke room and gently sung Jingle Bells to each other, while he had temporarily secured the relationship by presenting her with a Tiffany pendant.

It was good, solid consumerism of the kind that justified the immense corporate expense of turning Christmas Eve into the Most Romantic Night of the year. But it was also the last hurrah of the "bubble" era, when stock prices defied gravity as easily as Santa's sleigh, and even the average office worker had the financial confidence to insist on a suite at a mountainside chalet in the quest for a white Christmas.

This year, chalets are definitely out. For those who insist on mountains, tonight should be spent in a tent. Instead of desperate young men climbing over each other to buy a Tiffany pendant, the US company's outlet in the Ginza is now as sedate as jewellery stores in other countries. The emphasis is on economy; there are few takers for the ¥530,000 (£2,804) diamond-encrusted platinum heart - as an idle sales assistant explained: "The bubble has burst."

Japanese youth magazines, quick to spot and dump a trend, have dubbed this the "hand-made" or "have at home" Christmas. The truly romantic man will have decked his small hall with tinsel, hidden his more lurid comic books, and prepared a hearty stew which will be shared with the special friend. Making Noel noodles by hand is "in", as is a budget-priced box of Belgian chocolates.

Having developed Christmas as a consumer festival in addition to the country's traditional new year rites, Japanese and international companies have discovered that this year's "no-name", "few frills" theme is inflicting serious damage on meticulously cultivated images. Much of that damage is blamed on the thrifting discount shops which are doing the unthinkable - they are discounting famous brands.

A whopping 35 per cent off Prada of Milan handbags, 20 per cent off Ralph Lauren accessories, and 15 per cent and more off Chanel products. Discounting during the new year sales season would have been frowned on but this is heavy discounting during the rush period. Rolex watches - that were ¥2.55m can be bought for ¥1.4m at Minax, a Tokyo bargain house, while the price of a Versace windcheater has been reduced by 72 per cent - but only during Christmas.

In the past, Japanese shoppers had to travel to Hong Kong to buy such brands at such prices, but the opening of new supply routes and a glut of famous brand goods during a recession have changed all that. Brand-consciousness may be permanently altered.

Thankfully, Santa Claus is emerging from this commercial fray with his image unscathed. There are a few Santas in Japanese stores, and they are generally employed to sell things. But they are still venerable

figures, and regarded more as a source of wisdom than as a receptacle for children's wish-lists. Mr Munehiro Soshi, trained as a tax accountant, is such a Santa.

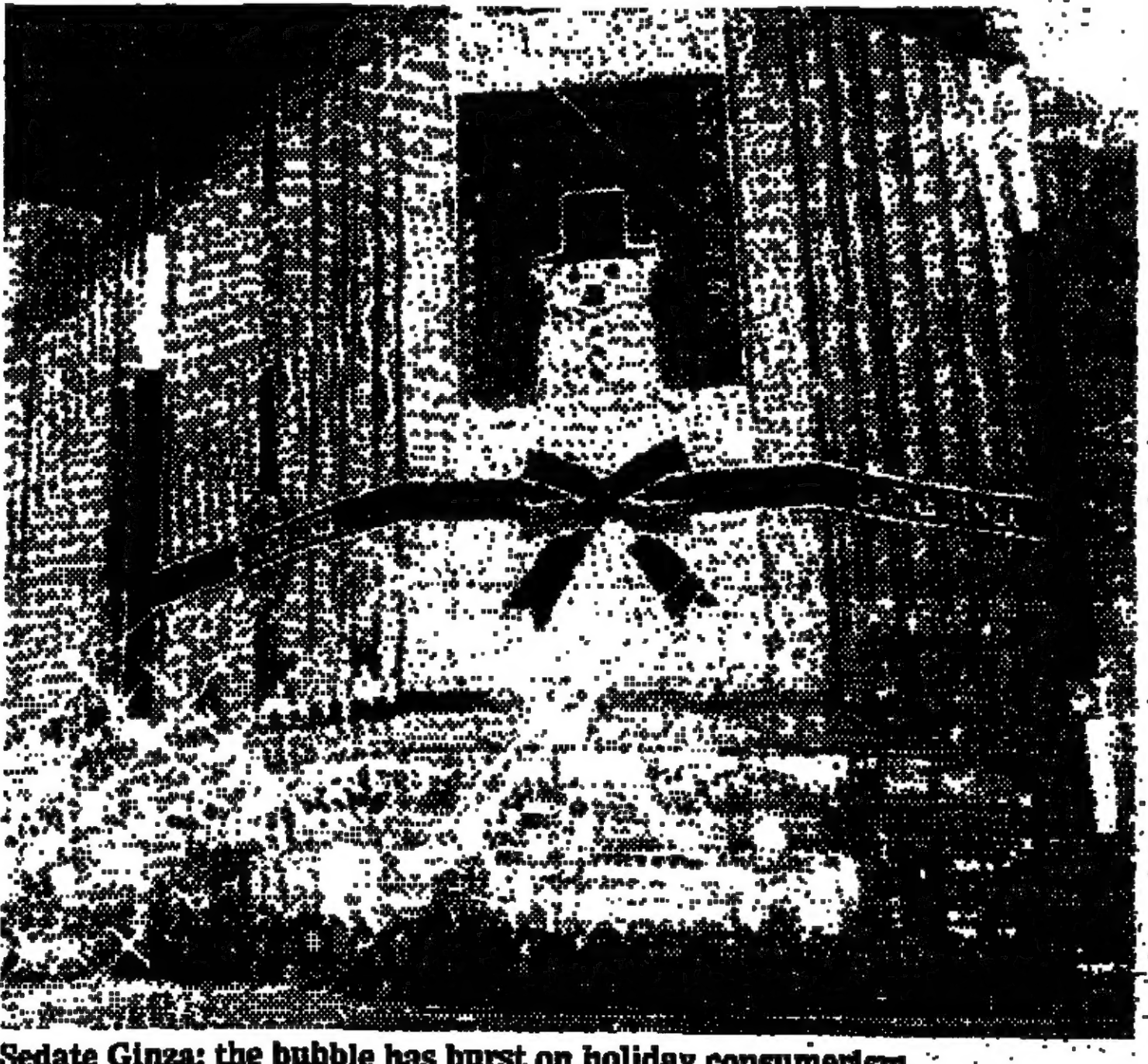
Mr Soshi, 24 and a modest 78kg, sells gourmet ice-cream at a Yokohama department store and, along with other prestige products, his sales have suffered. But he knows that being Santa is more than just selling ice-cream, and he answers questions from curious parents and children about the correct way to conduct Christmas. What colour is a real Christmas cake? What language does Santa speak?

"Some people tell me that Santa Claus is supposed to answer in English, but then I can't speak English and I'm not sure if they

would understand," he explained. Along with most Japanese, Mr Soshi will be working on Christmas Day, which imposes its own time limit on Christmas Eve festivities. It means that workers will have to take down that mountainside tent early tomorrow morning if they intend to be in the office by 10am.

Even a Christmas at home poses problems for the flat-dwelling Tokyo reveler determined to follow the advice of magazine columnists by inviting a few friends over for a fancy dress party. To ensure a fun-filled evening, the magazines describe the sometimes complex rules of party games which force the most inhibited guests to mix. They also provide long menus of post-bubble Christmas cuisine.

What the magazines don't provide is the space in which to have a party - in Japan, a Christmas knees-up means somebody else's knee in your bowl of noodles.



Sedate Ginza: the bubble has burst on holiday consumerism

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## COMPANY NEWS: UK

# Isosceles wins space to negotiate restructuring

By Maggie Urry

A RADICAL financial restructuring of Isosceles, the leveraged buy-out vehicle for the Gateway food retail group, is to be negotiated between the company, its lenders and its shareholders over the next few months.

The company, which has debts of about £1.3bn, yesterday agreed the terms of a standstill arrangement with its lenders under which it will defer interest on its loans and its capital repayments until May 28. In total Isosceles will defer payments of about £90m.

The banks have also provided additional working capital facilities, Isosceles refused to put a figure on this facility for commercial reasons, but it is understood to be sizeable and sufficient.

Isosceles also confirmed that Mr David Simons will join as chief executive on January 4. He replaces Mr Alistair Mitchell-Innes who will return to his non-executive role until he retires from the

board in March.

Mr Ernest Sharp, chairman, said yesterday: "I am pleased that we have created the breathing space needed for a complete financial restructuring of Isosceles. All our lenders and major shareholders have recognised the need for a radical restructuring with a sense of realism and determination."

The restructuring is expected to involve a sizeable debt for equity swap, with mezzanine lenders and shareholders interests savagely diluted.

This will be the third restructuring of the group's finances since the £2.1bn buy-out in 1989. The second restructuring was only finalised at the annual meeting in October, although it was negotiated in the summer.

That was a relatively minor affair, involving the recasting of covenants, the deferral of £8m of interest on mezzanine debt and conversion of preference shares into ordinary shares.

Mr Mitchell-Innes said that trading conditions had not

worsened significantly since the summer, and the group was close to profit forecasts made then. However, he said: "I do not think the situation was then seen to be as important as it is now."

Since the summer, Isosceles has sold Wellworth, the northern Irish subsidiary, for £128m, rather less than originally expected. A hoped-for sale of Herman's, the US sporting goods chain, has fallen through. Added to that suppliers are understood to have taken a tougher line on credit terms.

Mr Mitchell-Innes said it was important that all parties understood that this restructuring would be the last. He added that whatever the structure, the business has to perform.

The company faced a long haul, but was still profitable at the trading level, he said. The restructuring would have to "make sure it offers a growth way out," which could eventually provide some value for equity holders.

## Stanhope near to agreeing refinancing

By Vanessa Houlder, Property Correspondent

STANHOPE Properties yesterday announced the sale of two buildings for just over £100m and said it was close to agreeing the refinancing of £160m of debt.

However confusion surrounded the exact state of Stanhope's refinancing talks for a few hours yesterday afternoon when Brunswick, the company's public relations adviser, inadvertently released a statement to the stock exchange which claimed that the refinancing had been agreed. The statement was later retracted.

The error arose because Brunswick had prepared two alternative releases describing the sale of a building, one of which also announced the refinancing of Stanhope's debt. The wrong release was issued.

Stanhope said the extension of its revolving credit facility until December 1996 had indeed been agreed by the 16 banks directly involved. However, agreement had not been reached by all the banks involved in Stanhope's projects, some of which are guaranteed by the parent company. In particular, the head office of a French bank had yet to give formal approval, although the deal had been agreed at branch level.

The revolving credit facility has been reduced from £165m to £160m and, if finally agreed, will be subject to bank approval in December 1994 and December 1995.

Rosehaugh Stanhope Developments, Stanhope's 50 per cent-owned subsidiary, has sold Broadwalk House, a 280,000 sq ft building within the Broadgate office complex in the City of London to Credit Lyonnais, the building's main tenant.

Rosehaugh, the other half of the RSD venture, went into receivership a month ago.

Credit Lyonnais will pay £12.7m for the building and will assume the building's debt of £76.3m. RSD will benefit from any increase in the value of the building before 1995, up to a ceiling of £1.75m. Stanhope also announced yesterday that an overseas buyer had paid £20.5m for a Staines office building, let to the tobacco division of BAT.

# Forte holders agree to Gardner sale

By Richard Gourlay

GARDNER MERCHANT, the contract catering company, yesterday began a journey to a likely stock market flotation when shareholders of its parent, Forte, agreed its sale to management.

The sale proceeds will allow Forte to expand further in Europe and leaves the hotel group with a 24 per cent stake in the buy-out vehicle.

Mr Garry Hawkes, the Gardner Merchant managing director, said the buy-out was "an attempt to bring back ownership and hopefully motivation" to the managers who have delivered 15 per cent growth for Forte in recent years.

Approval of the £402m deal came as Magnet, the DIY and kitchens group, provided another reminder that buy-outs are not always a gilded route to riches for management. Bankers yesterday put Magnet's holding company into receivership and took control of the trading company's assets.

The timing of a return to the stock market, which could be as early as two years from now, will be dictated partly by the speed at which Gardner Merchant can increase operating profit and reduce debt.

But it is equally dependent



Garry Hawkes: Compass will be the bellweather share

on the performance of Compass Group, the catering and hospitals group, which is one of Gardner's main UK competitors and which pulled out of talks to buy the company from Forte earlier this year.

"The progress of Compass must be very important," said Mr Hawkes. "It will be the bellweather share for Gardner Merchant and it will dictate what we can do when."

Mr Hawkes believes that Gardner Merchant's markets still retain considerable growth potential. In its core business of providing catering services to factories and offices, only 38 per cent of that market is currently covered by contracts.

There are also the develop-

ing markets providing catering to hospitals and local authorities as the UK government accelerates its programme of contracting out services.

Gardner Merchant is also a substantial advantage over some other companies that have leveraged buy-outs in that its businesses require very little capital.

Debt is unlikely to be much of a burden and not only because the interest rates on most of the £200m of senior debt has been hedged long term.

The deal involves more equity than many MBOs and more than would have been necessary had the proposed buy-out by Kohlberg Kravis Roberts earlier this year gone through.

Mr Hawkes says that Gardner Merchant was, in any case, used to paying most of its profit and cash flow to Forte in dividends. "The interest charge is no greater than what was taken out of the business by Forte," Mr Hawkes says. Cash flow should also be adequate to repay debt over seven years.

In its last financial year, Gardner raised operating profits by 16 per cent to £31.1m from sales of £364m. Almost 30 per cent of these sales are derived from 15 countries outside the UK.

## ITN contract still waiting to be finalised

By Raymond Snoddy

NEGOTIATIONS on the £53.6m a year Independent Television News contract with the ITV companies look like continuing to the last minute.

A number of substantial ITV companies were holding out yesterday, and a number suggested it may be December 31 before the five-year deal is signed.

The new franchises start from the beginning of next year.

The row is over the proposals for a two year review. Companies such as Yorkshire, Tyne Tees, HTV, Meridian and Grampian, which will no longer be shareholders in ITN, want a wide-ranging review.

If substantial savings flow from the new ownership structure the ITV companies want to benefit.

Carlton Television, it is believed, wants to set firm limits on the conditions that would trigger a review.

Once the new supply agreement is signed the restructuring of ITN will go unconditionally.

## ITC rejects request to revoke HTV's licence

By Raymond Snoddy

THE Independent Television Commission yesterday rejected a request that HTV's television licence should be revoked before it could carry out its obligations.

Sir George Russell, chairman of the ITC, has written to the C3W consortium - which was seeking withdrawal of HTV's licence - saying there are no grounds for revoking it. C3W was one of the losing bidders for the Wales and the West franchise.

Sir George, in his reply to C3W, says that HTV has not indicated it does not intend to provide an ITV service. He does not consider that for any other reason the Commission "has reasonable grounds for believing that HTV will not provide that service once the licence has come into force."

HTV has admitted it will have to save £10m a year to meet the demands of the £20.5m a year it has to pay to the government. It also has to pay 2 per cent of its advertising revenue to the Treasury.

Mr Charles Romaine, group

chief executive of C3W, said yesterday that savings of £12.5m had been found.

City analysts are now predicting pre-tax profits of £2.5m for calendar year 1993, a figure that could well be exceeded.

Every aspect of the business has been looked at but the main savings have come from the contracting out, or casualisation, of services.

By the middle of next year the staff could be cut to a third of the more than 900 figure in 1989. Staff are being encouraged to set up their own businesses selling services to HTV.

For example, the outside broadcasting unit has been "privatised" with HTV having the right to the first 10 per cent of its time.

HTV's share of ITV advertising revenue, which fell as low as 5.3 per cent in November, is expected under new deals now being done to rise to 6.2 per cent, and possibly as high as 6.4 per cent.

The company will also get an additional £1m from the sale of part of its Culverhouse Cross site for which Atlantic Properties has won planning permission for a retail development.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Graig Shipping	1	Jan 29	2	-	4.5
Kelsey Inds	1	Mar 10	18	13	26
Wheway	nil	nil	1	1	2

Dividends shown pence per share net except where otherwise stated

10N increased capital, 50SM stock

## LEGAL NOTICES

Notice of First Meeting of Creditors, Company No 1481996.

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BLOOMSBURY SQUARE ESTATE (HOLDINGS) LIMITED

Principal place of business: 4 Hill Street, Mayfair, London W1.

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING OF THE CREDITORS OF the above-named company will be held at St Andrew House, 20 St Andrew Street, London EC4A 3AD on 5 January 1993 at 10.30 am for the purpose mentioned in Section 99 of the said Act. A list of the names and addresses of the company's creditors may be inspected free of charge at St Andrew House, 20 St Andrew Street, London EC4A 3AD between 10.00 am and 5.00 pm on 4 January 1993. Creditors wishing to vote at the meeting must submit their proxies to the company's secretary, Mr J. J. V. Jones, at St Andrew House, 20 St Andrew Street, London EC4A 3AD, on or before 3.00 pm on 4 January 1993. Dated 18 December 1992. By Order of the Board: E. J. Cotton, Director.

Notice of Appointment of Administrative Receiver

MCKENZIE BAIN (PUBLISHING) LIMITED

Registered number: 225654. Nature of Business: Publishers, Trade Classification: 10. Date of Appointment of Administrative Receiver: 15 December 1992. Name of person appointing the Administrative Receiver: Midland Bank Plc. Joint Administrative Receiver: J. J. V. Jones (joint holder number 6339), 14 Middlefield Road, London NW10 6AA. Address: Court Gully, PO Box 263, Orchard House, 10 Albion Place, Middlesbrough M6 12JZ.

SAAB IN WARWICKSHIRE The full range of new Saabs and probably the largest selection of superior used Saabs in the Midlands. Line Garage Ltd, Royal Leamington Spa. Tel: 0595 423231.

FT SURVEYS

The FT proposes to publish this survey on February 18 1993.

Should you be interested in acquiring more information about this survey or wish to advertise in this feature, please contact: Sara Mason

Tel: 071-873 3349

Fax: 071-873 3064

NOTICE

to the holders of the U.S. \$200,000,000 10 1/8% Notes due 1994 of the Bank

NOTICE IS HEREBY GIVEN to the holders of the above Notes that, at the Meeting of such holders convened by the Notice published in the Financial Times and the Luxembourg World on 20th November, 1992 and held on 14th December, 1992, the Extraordinary Resolution set out in such Notice was duly passed. The conditions referred to in the Extraordinary Resolution have been satisfied and, accordingly, the modifications referred to in the Extraordinary Resolution were implemented with effect on and from 23rd December, 1992. This Notice is given by Státní banka Československá, Na Příkopě 28, 110 03 Prague 1.

Dated 24th December 1992.

## Oliver Resources' Norwegian buy

Shares of Oliver Resources, the Dublin-based oil and gas company which is quoted on the USM, were suspended at 2.4p yesterday at the directors' request, following the announcement that it was to make a recommended offer for Kirkland, the Norwegian oil and gas producer.

The offer, which is subject to certain preconditions, is on a 250-for-1 basis and values Kirkland at about Nkr228m (£20m).

It is proposed that, subject to the offer becoming unconditional in all respects, Oliver will apply for a full listing of its shares on the stock exchanges in Dublin and London.

## Exceptionals keep Graig in the black

Graig Shipping has stayed in profit in the half year ended September 30 1992 thanks to exceptional credits, although the pre-tax outcome fell from £1.7m to £955,000.

In view of that the interim dividend is being halved to 1p. Earnings per share worked through at 7.3p (10.8p).

The directors explained that the freight market was very weak and, combined with firm exchange rates led to a trading loss of £1.06m compared with a profit of £315,000.

Exceptional credits totalled £2.5m (£2.5m) comprising the sale of Garth Shipping and disposal of a large part of Exclusive Group.

BENCHMARK GOVERNMENT BONDS						
Coupon	Red Date	Price	Change	Yield	Week	Month
AUSTRALIA	10.000	100.02	107.0082	+0.201	8.81	8.85
BELGIUM	8.750	08/02	105.8000	+0.700	7.84	8.01
CANADA	8.500	04/02	104.5500	+0.150	7.80	8.02
DENMARK	9.000	11/00	98.7000	+0.200	9.05	8.29
FRANCE	8.500	03/97	101.4775	+0.140	8.05	8.23
FRANCE	8.500	11/02	102.8350	+0.380	8.10	8.28
GERMANY	6.000	07/02	105.0700	+0.070	7.24	7.40
ITALY	12.000	05/02	94.8000	+0.645	13.97	13.98
JAPAN	4.800	08/89	101.4310	-	4.51	4.54
UK No 119	5.200	03/02	106.0089	-0.001	4.57	4.61
NETHERLANDS	8.250	06/02	105.3000	-	7.35	7.45
SPAIN	10.300	06/02	86.3500	+0.300	12.43	12.46
UK	10.000	11/90	109.09	+8.32	7.23	7.18
US TREASURY	9.750	08/02	109.10	+10.92	8.31	8.41
US TREASURY	9.000	10/08	109.12	+11.22	8.39	8.47
US TREASURY	8.375	08/02	98.01	-3.32	8.66	8.76
US TREASURY	7.625	11/02	100.08	-0.32	7.35	7.43
ECU (French Govt)	8.500	03/02	99.1500	+0.400	8.63	8.86

London closing "dollar" New York morning session  
Cross American yield (including arbitrage) last at 12.8 per cent payable by non-residents

Source: U.S. UK in 32nds others in decimal

Financial Data/AT&T Signs Service

London closing "denotes New York morning session. Yields: Local market standard. Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents). Prices: US UK in 32nds others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Wednesday Dec 23 1992

Water	Food Retailing	Electronics	Banks	Other Industrials	Media	Electricity	Metals	Telecoms	Insurance (Composite)	Financial Group	Insurance (Life)	Other Groups	Transport	Telecoms Networks	Stores	Capital Goods	Industrial Group	All Share Index	500 Share Index
+47.23	+39.70	+38.82	+35.59	+30.30	+29.08	+25.78	+25.92	+23.52	+21.74	+21.72	+20.27	+18.36	+18.26	+17.85	+17.26	+14.71	+13.97	+13.89	+12.78
Merchant Banks	Engineering-General	Consumer Group	Packaging, Paper & Printing	Business Services	Food Manufacturing	Brewers & Distillers	Complementaries	Electricals	Metals & Metal Forming	Hotels & Leisure	Building Materials	Oil & Gas	Health & Household	Engineering-Aerospace	Contracting, Construction	Property	Insurance Brokers	Gold Mines Index	
+11.21	+10.78	+10.40	+10.08	+8.37	+8.37	+7.98	+7.55	+7.14	+4.12	+3.98	+1.94	+1.43	+1.07	+0.54	+0.15	+0.07	+0.07	+0.07	

# Wheway shares dive as McLeod talks end

By Matthew Curtin

SHARES in Wheway plunged 6 1/2p to 6p yesterday after the struggling environmental engineering group announced that merger talks with McLeod Russell Holdings, the paints producer and distributor, had collapsed.

Both parties said they had been unable to agree on a suitable price for a deal.

Wheway's current market

value is \$3.4m, compared with £17.5m before the announcement as shares rose earlier this month on hopes of a deal.

Wheway, in need of refinancing after its costly move out of heavy engineering, warned of a sharp deterioration in year-end results in November, and turned a £2.8m pre-tax profit into a £3.5m loss in the 12 months to October 3.

Mr Hugh Ashton, chairman, said the group had secured

credit lines - necessitating a £1m after-tax provision - from its bankers to cover its working capital requirements until September. The group's 1992 results would receive a qualified auditor's report.

The group's best prospects lay in merging with a larger financially robust company, and it had received a number of approaches from third parties since the breakdown in talks with McLeod.

Wheway's turnover fell to £79.8m (£89.3m), while operating profit of £1.38m (£4.78m) was offset by interest charges of £1.68m (£1.98m). Exceptional items related to retrenchment and business closure costs amounted to £2.11m and £1.1m respectively.

Losses per share were 2.57p (2.08p earnings) and no final dividend is being paid - the interim was 1p and a 3p total was paid last year.

## Kelsey falls £307,000 into red

KELSEY INDUSTRIES finished the year ended September 30 1992 with a loss - the first in its history - and is halving its dividend to 13p.

Mr Brian Arbib, chairman, said in the worst trading conditions - with the exception of the far East - he could remember in 38 years, the group sustained a pre-tax loss of £307,000, compared with a profit of £1.44m which took in exceptional gains of £350,000.

Turnover fell from £43.4m to £41.4m. Losses per share came to 16.2p (earnings 20p) and the final dividend is cut from 15p to 10p. The group's activities cover roofing, soldering products, audio/video products and engineering.

## Caledonia Inv sells De Morgan stake

Caledonia Investments, in which the Cayzer family has a 48 per cent stake, has sold its holding in De Morgan, to Mr Patrick Cooper, De Morgan chairman, for £258,000.

The holding of 11.5m ordinary shares carries 24.3 per cent of the voting rights. The bulk of the consideration has been satisfied by a £206,000 interest-free loan to

Mr Cooper. The remaining £52,000 is satisfied by the granting to Caledonia of the right to share in any profits on the sale of the shares within the next five years.

Caledonia's shares yesterday added 13p to 450p.

## Kembrey cuts losses back to £114,000

Kembrey, maker of electrical connectors and accessories, has cut its loss in the six months ended October 3 1992 to £114,000 after exceptional charges. That is set against the deficit of £517,000 in the second half of last year, after a £170,000 profit in the first.

"We expect the full year's figures to show a significant reduction in the losses of the previous year," said Mr David Burnet, chairman.

He said the improvement over the second half arose mainly from reductions in interest to £382,000 (£438,000), losses from discontinued businesses at £152,000 (£355,000), and exceptional charges to £121,000 (£168,000).

## Trading warning hits Instem shares

Instem's share price fell by 19p to 81p yesterday after the USM-quoted company said the trading position of its electronics arm had worsened and as a result group pre-tax profit for the year might be significantly

lower than last year's £1.01m. The board said receivers had recently been appointed to two of the division's customers. The precise impact upon the company would depend on the outcome of the receiverships.

However, it was likely that an exceptional charge would be incurred, which could hit profits for the year to January 1. It intended to maintain the final dividend at last year's 3p.

## Wates sells Milk St interests for £9m

Wates City of London Properties has sold its freehold and long leasehold interest in 1-6 Milk Street, EC3A to Prudential Nominees. The consideration was £9.35m cash.

## Guardian maintains recovery trend

The USM-quoted Guardian Group, formerly Associated Energy Services, has continued its recovery with a pre-tax profit of £47,000 in the three months to September 30.

First quarter turnover was £317,000 and earnings came to £216p. The company intends to declare a dividend at the earliest commercially prudent time.

## Hickson pays £5.5m to buy ICI business

Hickson International, the specialty chemical company, is paying £5.5m to purchase from Imperial Chemical Industries the Anionic Surfactants business with the manufacturing facility at Renory, Belgium.

## Electrocomponents divested of Misco







## INTERNATIONAL COMPANIES AND CAPITAL MARKETS

## Commerzbank in DM125m issue

By Christopher Parkes  
in Frankfurt

COMMERZBANK'S delayed capital-raising programme is to start next month with the issue of DM125m (\$78.6m) of new shares.

The issue, although smaller than expected, will bolster the bank's capital base, giving it more room for expansion within capital adequacy constraints. The bank yesterday declined to comment on the issue price.

The move follows the issue of DM500m of profit-sharing certificates last month, which

counts as Tier Two capital. Under European legislation, Tier One equity capital should be maintained at a minimum of 4 per cent of total assets.

The distribution of the new shares, which will carry full dividend rights from January 1, will allow Commerzbank, the smallest of Germany's top three banks, to expand.

Although domestic economic conditions are difficult, the bank will be better placed to benefit from any recovery in the US, where it enjoys an A1+ rating.

Commerzbank is expected to issue more shares during next

year, although the timing and the size of the programme will depend on economic conditions and how well this initial tranche is received.

The board, which was given shareholder approval earlier this year to issue 8m new shares up to the end of 1997, postponed an action planned for September which was designed to raise up to DM600m, assuming a price of DM200. The issue was withheld because of the weak state of the stock market.

At that time Commerzbank's shares were trading close to the year's low at around

DM220, compared with the year's high of DM273. They have recently steadied at above DM240.

A group of institutional shareholders, including Dresdner Bank and Allianz, Germany's biggest insurer, are to pool their stakes in Veba, the energy-based conglomerate.

They plan to set up a new company which will hold around 10 per cent of Veba's shares, at present widely distributed among more than 500,000 shareholders.

Such holding companies are common in Germany because they offer tax advantages.

## Shake-up in French regional banking

By Alice Rawsthorn in Paris

CREDIT MUTUEL, the group of regional French banks, is restructuring some of its provincial banking networks in response to the competitive state of French financial services and the changes within the European banking system.

Three networks under the Credit Mutuel umbrella - those for northern France, the Champagne-Ardenne region east of Paris and Artois-Picardie north of the capital - are merging to create Credit Mutuel du Nord-Est.

The new network will be the third-largest in the Credit Mutuel group, after those covering central and eastern France and Brittany. Credit Mutuel du Nord-Est will manage savings funds worth FF41bn (\$7.59bn) and FF16bn of credit.

France's banks have had a tough time in the past year. High real interest rates have depressed demand for credit from both consumers and the corporate sector, intensifying competition. The banks have also suffered from the economic slowdown, which has affected the value of their industrial investments and property portfolios.

These problems have intensified the pressure on smaller, regional players, such as those within the Credit Mutuel group. The regional banks have also been anxious to ensure they will meet the new standards to be imposed on European Community banks.

## Thomson sells white-goods arm to Italian-led group

By Alice Rawsthorn in Paris

THOMSON, France's state-controlled electronics group, is selling Thomson Electroménager (TEM), its profitable white-goods subsidiary, to a consortium led by Electrofranz (Eli), the Italian electronics concern, for an unspecified sum.

The sale, which will turn Eli into Europe's fourth-largest white goods group, was triggered by the loss-making Thomson's need to reduce its FF10bn (\$1.85bn) debt.

The combination of TEM and Eli will also help them to achieve the necessary size to compete against the huge groups, notably Philips, Whirlpool and Bosch-Siemens of Germany, that dominate the white goods market.

The Italian group is to acquire 66 per cent of TEM

with its consortium partner, Crédit National, the French bank, taking 34 per cent.

TEM, which includes the Vedette and Thomson brands as well as the recently acquired De Dietrich, is an established force in European white-goods. It employs 7,000 people and was profitable - it does not disclose the actual level - on sales of FF6bn last year.

However, Thomson has been concerned about TEM's long-term prospects in the intensely aggressive white-goods sector and its ability to match the vast marketing and research resources of its larger counterparts.

There has been long-running speculation it might be forced to sell TEM.

Mr Henri Lagarde, TEM's chairman, who was said to have opposed any earlier suggestions of a sale, led the

negotiations with Eli.

Eli has some French interests in boilers and refrigeration. It said yesterday that Ocean, its white-goods business, which last year provided FF3bn of its FF7bn turnover) was completely complementary to TEM.

Eli estimated that Ocean and TEM would command 10 per cent of the European white goods market.

● Ciments Français, the French cement group, and Paribas, the French bank, have been forced to raise their offer for Guintoli, the building company embroiled in the Ciments scandal, from FF290 to FF595 a share at the request of the Paris stock market authorities. This raises the value of the offer for the 67.1 per cent they do not already own from FF333m to FF336m.

## Magnet holding company in receivership

By Peggy Hollinger  
in London

MAGNET, the UK fitted-kitchens retailer, was given a new lease of life yesterday as its main bank lenders put its heavily-indebted holding company, Airedale Holdings, into administrative receivership.

The move almost certainly means that the subordinated creditors and shareholders

involved in the controversial £700m (\$1.06bn) management buy-out in 1989 will have to write off their investments.

GE Capital, a subsidiary of General Electric of the US, is the largest subordinated creditor, with £70m outstanding. It is seeking to upgrade its position through legal action.

The eight senior lenders to Airedale Holdings, owed an estimated £450m, will also only

retrieve a proportion of their outstanding loans. They include Bankers Trust, Standard Chartered, Hill Samuel, Bank of Scotland, Creditanstalt, Bank of America, Continental Bank and the Long-Term Credit Bank.

The banks announced that their vehicle, Magnet Group, had purchased Water Meadow Holdings, which controls the Magnet business, from receivers for a sum believed to be in excess of £10m.

Insiders said that about £25m of the senior debt had been swapped for equity in the new vehicle.

The banks intend to float or sell Magnet Group within two to five years. The proceeds from flotation will be paid as a deferred consideration to Airedale's receiver, who will then pay off Airedale's creditors.

## Thirteen preselected for Greek telecoms bid

By Kerin Hope in Athens

THIRTEEN international telecommunications companies have been preselected to bid for a 35 per cent equity stake in OTE, the Greek state telecommunications monopoly. In what is expected to be Greece's largest privatisation deal.

The list includes AT&T,

Ameritech and Southwestern Bell of the US, NTT of Japan, Korea Telecom, PTT Netherlands, France Telecom, Stet of Italy and Telefonica of Spain.

The Greek government is looking for an experienced international operator to lead a consortium that would also take over management of OTE and carry out substantial modernisation of the country's telephone network.

A new operator would be expected to invest up to \$10bn in updating the fixed wire system, which is already close to capacity with a waiting-list for almost 900,000 new lines.

A short-list of bidders will be drawn up early next year, with the sale due to be completed by

the summer. The government hopes to raise about Dr20bn (\$1bn) from the sale of the strategic 35 per cent stake.

Another 14 per cent of the company's equity will be floated on the Athens Stock Exchange immediately after the sale, with shares being offered first to OTE employees and their families.

well as creating major tax benefits. Bankers claimed it could also improve transparency.

The share swap also covers Ansaldo, which is not quoted, but in which three Italian companies together own around 5 per cent. The Ansaldo shareholders will be offered three ordinary Finmeccanica shares for every five ordinary Ansaldo shares now held.

The transaction, which requires approval from shareholders' meetings in February, will take place via a L184bn (\$129m) capital increase by Finmeccanica.

Minority shareholders not accepting the swap will be offered a cash alternative.

Should all minorities agree, IRI's stake in Finmeccanica's ordinary shares will drop to 86.6 per cent from 96.4 per cent.

## Arnotts given boost in fight for improved offer

By Kevin Brown in Sydney

ARNOTTS, the Australian biscuit company facing a hostile \$88.60-a-share bid from Campbell Soup of the US, yesterday said its two biggest institutional shareholders had undertaken not to accept the offer.

Mr Bill Purdy, chairman, told shareholders in a letter that the AMP Society and National Mutual Life, which hold a combined 10.3 per cent of Arnotts, believed the bid was too low.

The announcement will provide a significant boost to Arnotts' campaign to force Campbell to increase the offer, which the board has dismissed as "opportunistic".

Mr Leigh Hall, AMP investment manager, said the

offer was "inadequate". Campbell, which owns almost 33 per cent of Arnotts, is seeking a further 17.2 per cent for majority control at a cost of \$206m (\$142.3m). The offer values the company at \$151.3bn.

Most opposition to the bid has come from family shareholders, who jointly control about 20 per cent of the stock. The rejection of the offer by two institutions is likely to stiffen resistance among uncommitted shareholders.

Mr Purdy said only three of 3,000 Arnotts shareholders contacted by the company had said they would accept the offer. He did not say how many shareholders had responded.

Arnotts' shares closed 3 cents lower at \$88.17 on the Australian Stock Exchange.

## Finmeccanica details terms of incorporation

By Haig Simonian in Milan

FINMECCANICA, the holding company controlling the aerospace and high technology interests of Italy's IRI state holding group, yesterday incorporated terms of its planned incorporation of its Ansaldo, Alenia and Elisag-Balley subsidiaries.

Shareholders in Alenia will be offered three Finmeccanica ordinary shares for every five currently held. Those in Elisag-Balley will receive nine Finmeccanica ordinary shares for every five now held. Trading in the shares of all three companies has been suspended for the past two days pending the details.

The project should allow substantial savings by eliminating some management levels, as

## DAF shares soar as minister hints at state support

SHARES in DAF, the loss-making Dutch commercial vehicles maker in which British Aerospace owns a 16 per cent stake, surged yesterday after a government minister indicated the company could count on state support if it needed extra financing, writes Ronald van de Krol in Amsterdam.

"DAF may soon need perhaps several hundred millions of guilders, which I will seek to arrange, together with the banks and the Belgian government," Mr Koos Andriessen, the Dutch minister of economic affairs, said in an interview.

DAF's shares rose 10.6 per cent to Fl 8.30 from Tuesday's close of Fl 7.50 before dropping back to Fl 8.10, a rise of 8 per cent on the day.

## Dassault and Aerospatiale to link under French government scheme

By Alice Rawsthorn

DASSAULT, the French aircraft manufacturer, is to join forces with Aerospatiale, the aerospace concern, in a French government plan to bolster the two groups in the increasingly competitive aerospace industry.

The government yesterday announced plans to revive Sogepa, the dormant state-owned company which still owns shares in both Dassault and Aerospatiale, by ceding

part of its holding in the two groups. The deal is an initiative by Mr Pierre Joxe, defence minister.

Under the terms of the deal, Sogepa, which already owns 20 per cent of Dassault, will receive another 16 per cent, leaving the government with 10 per cent. The state also plans to transfer part of its 72 per cent stake in Aerospatiale to increase Sogepa's 7 per cent holding.

Sogepa will then form a supervisory committee composed of representatives of Dassault and Aerospatiale to identify opportunities for co-operation. The two groups already collaborate on the Hermes space programme. Mr Louis Gallois, chairman of Aerospatiale, will be Sogepa's chairman and will join Dassault's administrative board. Mr Serge Dassault, his opposite number at Dassault, will become deputy chairman of Sogepa and a member of Aerospatiale's administrative board.

posed of representatives of Dassault and Aerospatiale to identify opportunities for co-operation. The two groups already collaborate on the Hermes space programme. Mr Louis Gallois, chairman of Aerospatiale, will be Sogepa's chairman and will join Dassault's administrative board. Mr Serge Dassault, his opposite number at Dassault, will become deputy chairman of Sogepa and a member of Aerospatiale's administrative board.

## Strong rally in index-linked gilts enables Bank to sell tap stocks

By Sara Webb in London  
and Patrick Harverson  
in New York

UK government bonds closed higher, with the index-linked sector continuing to show strong gains due to expectations that real yields in the European bond markets will fall.

The rally enabled the Bank of England to sell some of its tap stocks.

Three tap stocks were exhausted yesterday - the £250m tranche of 9 per cent conventional gilt due 2008 (announced on December 11), the £150m tranche of 2 1/2 per cent index-linked stock due 2009, and the £150m tranche of 2 1/2 per cent index-linked gilt due 2024.

The 2 1/2 per cent index-linked

stock due 2024 rose from 102.00 to 102 1/2, while among conventional stocks, the 9 per cent gilt rose from 109 1/2 to 109 3/4.

## GOVERNMENT BONDS

EUROPEAN government bond markets continued to strengthen on the back of comments by Mr Helmut Schlesinger, the president of the Bundesbank.

Mr Schlesinger was reported on Tuesday as saying that German long-term yields could drop below 6 per cent during the current cycle of falling rates.

The comments fuelled hopes of lower interest rates across Europe.

German government bonds

ended slightly firmer, with the Liffe bond future contract trading at 92.53 by late afternoon, against 92.49 at the opening.

News that the cost of living for former West Germany rose 0.2 per cent in December from November, to give a year-on-year increase of 3.8 per cent, had little impact on the market, dealers said, as the figure was in line with expectations.

US Treasuries firmed slightly yesterday as trading wound down for the Christmas holidays and participants prepared for the afternoon auction of five-year notes.

By midday, the benchmark 30-year government bond was up 1/8 at 109 1/2, yielding 7.39 per cent, and the two-year note was up 1/8 at 100 1/2, to yield 4.57 per cent.

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	\$332.85	+4.3	\$358.90	\$358.40	\$332.30
Silver per troy oz.	243.75p	+2.25	204.15p	249.50p	187.50p
Aluminium 99.7% (cash)	\$1226.5	+5.5	\$1520.0	\$1339.0	\$1105.5
Copper Grade A (cash)	\$1489.5	+9.0	\$1421.5	\$1468.0	\$1125.0
Lead (cash)	\$236	+5	\$209.0	\$283.5	\$278.50
Nickel (cash)	\$586.5	+102.5	\$793.5	\$819.5	\$531.5
Zinc SHG (cash)	\$1058.5	+9.5	\$1277.5	\$1457.5	\$1019.0
Tin (cash)	\$579.5	+122.5	\$690.0	\$711.5	\$542.50
Cocoa Futures (Mar)	\$694	+22	\$693	\$751	\$523
Coffee Futures (Mar)	\$1039	+9	\$999	\$1039	\$965
Sugar (LDP Raw) (Mar)	\$247.0	-7	\$247.0	\$272.5	\$193
Barley Futures (Jan)	\$131.10	+0.04	\$119.40	\$138.10	\$106.90
Wheat Futures (Jan)	\$136.25	+1.5	\$122.75	\$138.50	\$109.85
Cotton Outlook A Index	\$4.45c	+0.25	\$4.10c	\$5.00c	\$2.25c
Oil (Brent Super)	\$39p	-1	\$41p	\$40p	\$36p
Oil (Brent Blend)	\$16.62c	+0.1	\$26.35	\$21.30	\$17.10

## London Markets

SPOT MARKETS

Crude oil (per barrel FOB Jan)

Dubai \$16.55-60.00 - 1.25

Brent Blend (dual) \$18.20-8.00 - 1.15

Brent Blend (spot) \$18.60-65.00 - 1.10

WTI (11 pm est) \$18.85-95.00 - 0.25

Oil products

(NWE prompt delivery per tonne CIF)

Premium Gasoline \$191-193

Gas Oil \$182-183

Heavy Fuel Oil \$173.5

Naphtha \$180-181

Other

Gold (per troy oz) \$332.85

Silver (per troy oz) 243.75p

Platinum (per troy oz) \$359.60

Palladium (per troy oz) \$106.25

Copper (US Producer) 104.5c

Lead (US Producer) 34.62c

Tin (Kuala Lumpur market) 14.51

Tin (New York) 287.5c

Zinc (US Prime Western) 62.0c

Cattle (live weight) 118.71p

Sheep (live weight) 83.59p

Pigs (live weight) 85.16p

London daily sugar (raw) \$250.5

London daily sugar (white) 246.0

Tare and Liffe export price \$242

Barley (English feed) 115.5

Maize (US No. 3 yellow) 115.5

Wheat (US Dark Northern) 114.0

Rubber (Jan) 82.75p

Rubber (Feb) 83.00p

Rubber (Mar) 83.25p

Cash oil (Philippines) \$46p

Palm Oil (Malaysia) \$330p

Copra (Philippines) \$290.0

Soyabean (US) \$173.0

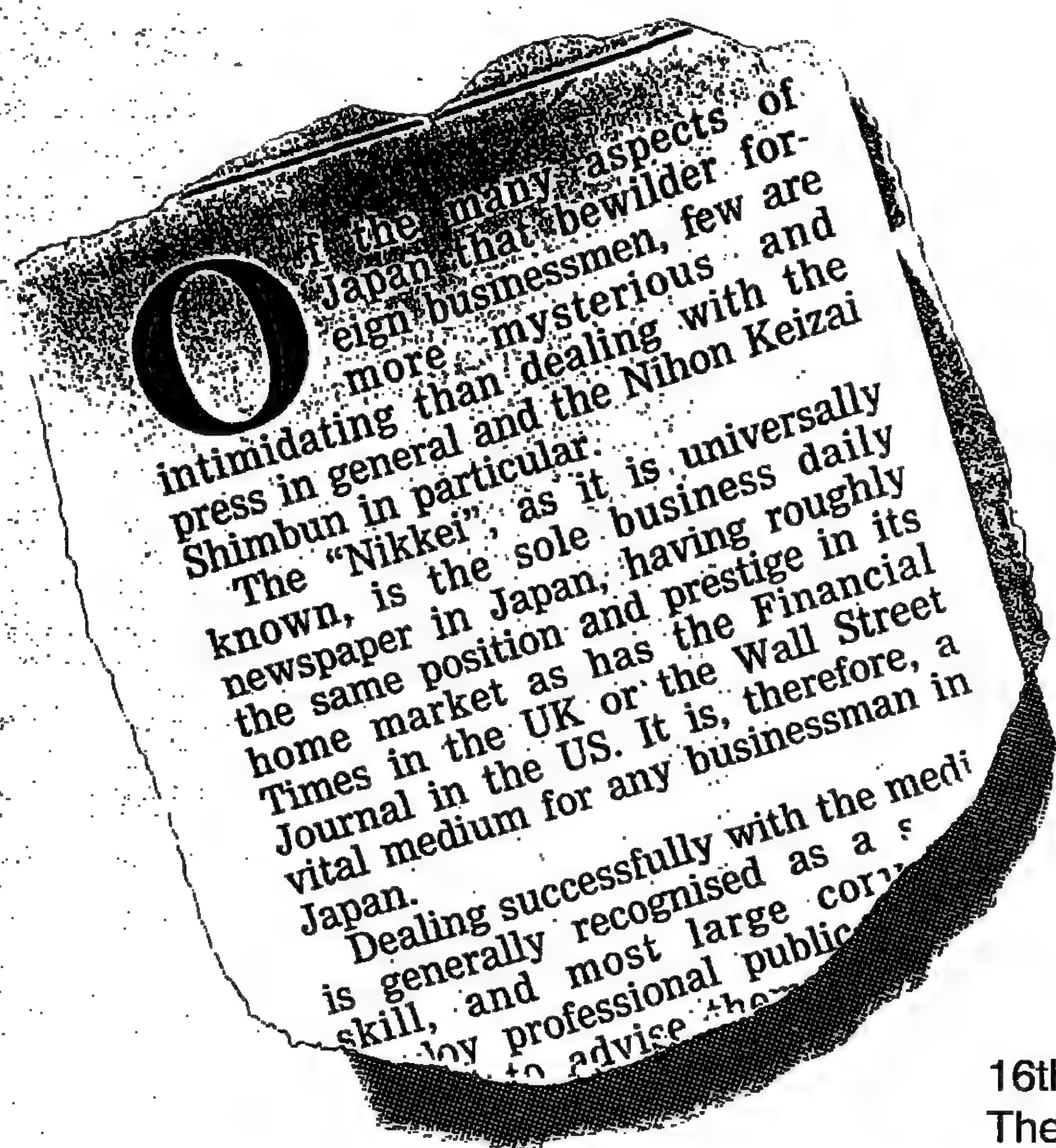
Cotton "A" index \$4.45c

Wooltops (44s Super) \$8p

£ is a note unless otherwise stated. pence/cents, etc. n.p.m. = no market.

Aug-Dec-Jan, 2-Jan-Mar, 3-Jan-Mar, 4-Jan-Mar, 5-Jan-Mar, 6-Jan-Mar, 7-Jan-Mar, 8-Jan-Mar, 9-Jan-Mar, 10-Jan-Mar, 11-Jan-Mar, 12-Jan-Mar, 13-Jan-Mar, 14-Jan-Mar, 15-Jan-Mar, 16-Jan-Mar, 17-Jan-Mar, 18-Jan-Mar, 19-Jan-Mar, 20-Jan-Mar, 21-Jan-Mar, 22-Jan-Mar, 23-Jan-Mar, 24-Jan-Mar, 25-Jan-Mar, 26-Jan-Mar, 27-Jan-Mar, 28-Jan-Mar, 29-Jan-Mar, 30-Jan-Mar, 31-Jan-Mar, 1-Feb-Mar, 2-Feb-Mar, 3-Feb-Mar, 4-Feb-Mar, 5-Feb-Mar, 6-Feb-Mar, 7-Feb-Mar, 8-Feb-Mar, 9-Feb-Mar, 10-Feb-Mar, 11-Feb-Mar, 12-Feb-Mar, 13-Feb-Mar, 14-Feb-Mar, 15-Feb-Mar, 16-Feb-Mar, 17-Feb-Mar, 18-Feb-Mar, 19-Feb-Mar, 20-Feb-Mar, 21-Feb-Mar, 22-Feb-Mar, 23-Feb-Mar, 24-Feb-Mar, 25-Feb-Mar, 26-Feb-Mar, 27-Feb-Mar, 28-Feb-Mar, 29-Feb-Mar, 30-Feb-Mar, 31-Feb-Mar, 1-Mar-Apr, 2-Mar-Apr, 3-Mar-Apr, 4-Mar-Apr, 5-Mar-Apr, 6-Mar-Apr, 7-Mar-Apr, 8-Mar-Apr, 9-Mar-Apr, 10-Mar-Apr, 11-Mar-Apr, 12-Mar-Apr, 13-Mar-Apr, 14-Mar-Apr, 15-Mar-Apr, 16-Mar-Apr, 17-Mar-Apr, 18-Mar-Apr, 19-Mar-Apr, 20-Mar-Apr, 21-Mar-Apr, 22-Mar-Apr, 23-Mar-Apr, 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16th September 1991  
The Financial Times, Management Page

## "Nikkei"- the vital medium successfully printing in London.

The Nihon Keizai Shimbun, the "Nikkei", is Japan's leading business and financial newspaper, published twice daily, with a circulation of three million. It is the main provider of vital information to the Japanese market. The "Nikkei" provides Japan's top decision makers with a global overview of key business and financial issues backed by incisive comments and in-depth analysis.

The "Nikkei" is a vital medium, with a powerful voice, so vital that its demand is growing constantly. In order to accommodate this demand Nihon Keizai Shimbun, Inc., started to publish the "Nikkei" overseas; in the USA and Europe in 1987, followed by Asia in 1990. In these three key areas the newspaper is printed



in Japanese, via satellite from Tokyo. This allows the Japanese business executives overseas the advantage of reading the newspaper simultaneously with their counterparts in Japan.

Nihon Keizai Shimbun, Inc. was proud to commence the daily printing of the "Nikkei" in March of this year in London.

The "Nikkei" is vital and indispensable for any business opportunities in the Japanese market. The impact of the "Nikkei" is now greater than ever with its improved global printing operations enabling the newspaper to reach top Japanese business executives all over the world, every day.

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## LONDON STOCK EXCHANGE

## Profits taken in a less active session

By Terry Byland,  
UK Stock Market Editor

THE UK stock market paused for breath yesterday after five consecutive sessions of rising share prices. Trading volume fell back and profits were taken both in the blue chip leaders and in the second line stocks. But stock index futures remained at a high premium over the cash market and both the FT-SE 100 and the FT-SE Mid 250 indices staged successful rallies from the day's lows.

There were signs that, with few fund managers interested

in selling shares against the highly bullish trend of the market, stock is becoming hard to find. Marketmakers wanted to see shares lower but futures traders seeking to arbitrage could not find blue chip shares.

In early trading, equity prices were destabilised by a temporary failure in the Stock Exchange Topic information and price-quoting electronic system. But after dipping to the 2,818 area, the FT-SE Index rallied to close at 2,874.7 for a net fall of 14.6. The FT-SE Mid 250, nearly seven points off at mid-session, cut its loss to 2.8

Account Dealing Dates			
First Dealing	Dec 14	Jan 4	
Option Declaration	Dec 30	Jan 14	
Second Dealing	Dec 31	Jan 15	
Account Day	Jan 11	Jan 25	

Three time dealings may take place from 14.00 on two business days earlier.

for a final reading of 2,842.6. Firmness in the US dollar helped oil shares and some other Wall Street-influenced stocks towards the close. However, the Footsie was held back by selling pressure on

a handful of leading shares. Seaq-reported volume contracted to 552.7m shares from the 815.1m seen on Tuesday, when retail, or customer, business stayed high and was worth £1.46bn. Retail business has exceeded £1bn daily since mid-September when sterling's departure from the ERM triggered a rise in the Footsie now extended to around 20 per cent.

Turnover in stock index futures virtually halved from the previous day, but the March FT-SE Index contract remained around 44 points premium to the cash market.

fair value, allowing for dividend and financing flows, stands at about 19 points.

Business in traded options also fell sharply, returning a total of only 13,772 contracts, against 42,000 previously. The FT-SE option contract saw barely more than 5,000 contracts dealt, compared with 10,825 on Tuesday.

Among individual contracts, Amstar, heading the active list with 1,340 contracts transacted, was the only name to trade more than 1,000 lots. Bass (748) and Storehouse (549) were the nearest rivals.

## Renewed pressure on ICI

STOCK market prospects for ICI shares continued to dwindle yesterday as even the most enthusiastic analysts felt constrained to lower profit forecasts for the chemicals and pharmaceuticals giant. The shares were down 34 at the day's low but rallied to close 14 off at 102.1p.

In spite of being a buyer of the stock, Mr Andrew Benson, BZW's chemicals analyst, reduced his current year forecast by £10m to £580m and shaved next year's estimate by £20m to £750m. The current year figure brings BZW near the level of Smith New Court's,

the superb, which has consistently led market forecasts downwards and which produced lower predictions on Tuesday.

Mr Benson acknowledges the dragging effect of an uncompetitive pound and the slowdown in the European chemicals industry. However, he still believes in the fundamental value of the company and its scope for growth.

Although viewed as the classic stock to track the All-Share Index, ICI has underperformed dramatically since the end of September, when the first reassessments of the company's prospects began to appear.

Glaxo downgraded

An early rise for Glaxo was sharply reversed after analysts in the US and UK cut their forecasts and ratings for the international drugs group.

RISES AND FALLS YESTERDAY			
	Rises	Falls	Same
On Wednesday	66	2	12
On Tuesday	66	2	12
On Monday	66	2	12
On Friday	66	2	12
On Thursday	66	2	12
On Wednesday	66	2	12
On Tuesday	66	2	12
On Monday	66	2	12
On Friday	66	2	12
On Thursday	66	2	12

Totals: 795 349 1,525 2,995 833 4,179

Smith Barney, the US securities house, downgraded several pharmaceutical stocks and removed Glaxo and Smith-Kline Beecham from its recommended list. Analyst Ms Christina Heuer, traditionally one of the most enthusiastic supporters of Glaxo, lowered her ratings on a number of stocks because of concern over slowing sales growth, potential healthcare legislation and earnings expansion.

In the UK, Lehman Brothers cut its earnings per share forecast to 13 pence from 15 pence and downgraded its rating on the stock. The moves follow a sweeping reassessment of the sector by Goldman Sachs at the end of last week. Glaxo was up 12 in early trading but ended a net 25 down at 756p. Smith-Kline "A" fell 21 to 504p and the Units 20 to 422p.

Reckitt & Colman rallied 19 to 624p after weakness prompted by downgradings. The two classes of HSBC shares were the pick of the bank sector, the London-registered stock moving ahead 4 to 478p and the Hong Kong stock closing 7 higher at 484p, after suggestions of buy notes from at least two of the big London brokers.

The boost to Standard Chartered's balance sheet from the sale of its Hong Kong headquarters continued to sustain the shares, which gained 2 at 570p.

Shares in Kleinwort Benson, the merchant bank, maintained their upward trend, setting a further 3 firm at 322p with dealers noting good demand for the stock from one of the market's leading brokers and at least two sizeable agency crosses executed at 320p a share.

Reports that Warburg Securities had recommended a switch from the composite insurers into Prudential saw the latter move up 3 to 308p. Guardian Royal was the worst of the composites, the shares sliding 9 to 173p on LHM trading.

Worries about the impact of the current round of price cutting in the package holiday business were generally shrugged aside and Airtours, rallied well to close 3 ahead at 278p.

A number of second-line media and printing companies performed strongly as investors looked for recovery stocks. BZW was highlighting the potential for several, particularly advertising agency Gold Greenlees Trotter. The bank's

media specialist Mr Vignesh Padachi believes the shares will outperform the All-Share Index next year and says: "They could quite easily double if there is a UK recovery." GGT improved 13 to 251p. Meanwhile, Abbot Mead Vickers rose 20 to 402p, Watmough lifted 20 to 540p and Portals gained 10 to 475p.

Engineer Siebe dropped 6 to 389p as analysts questioned the recent strong performance. Some have been saying that the group might be building up to a bid which would necessitate a fairly heavy rights issue. One suggested that Siebe was casting its eye over Midlands-based Glyndwr International (off 3 at 357p).

Elsewhere in the sector, TI Group lost 13 at 308p as investors' interest in the stock subsided. Concern that at about 4.5 per cent the yield does not offer enough protection also affected the stock.

Whewy halved in price to 60p after announcing that it had called off merger talks with McLeod Russell Holdings. Whewy also announced a full-year loss of 53.5m after exceptional and no dividend.

P&O fell 16 to 500p on profit-taking moved in following the move by European rating agency IBCA to downgrade P&O's senior long term debt rating to A from A plus.

The oil sector was one of the few areas of the market to register good gains, with sentiment helped by a firm showing by the dollar and minor progress by crude oil prices.

BP managed a 3 rise at 237.5p on good turnover of 5.6m while Shell, with its impressive balance sheet and dividend growth prospects,

## FT-SE Actuaries Share Indices THE UK SERIES

	Year										1992		State complete	
	Dec 23	Dec 22	Dec 21	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	High	Low	High	Low
FT-50 Low	2827.4	2943.0	2907.7	2799.7	2740.3	2418.7	2842.0	2281.0	1805.4	1221.52	1378.4	1378.4	1378.4	1378.4
FT-50 Mid	2842.5	2942.0	2917.4	2783.6	2746.2	2307.7	2811.6	2281.0	1805.4	1221.52	1378.4	1378.4	1378.4	1378.4
FT-84 A 356	1379.1	1365.1	1363.0	1330.3	1330.3	1158.1	1364.1	1102.1	1045.2	1213.92	1664.5	1471.8	1664.5	1471.8
	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
FT-50 Low	2841.3	2932.4	2910.0	2788.1	2833.6	2833.6	2826.6	2815.5	2826.6	2817.7	2841.3	2815.5	2841.3	2815.5
FT-50 Mid	2846.2	2942.4	2938.2	2840.4	2841.7	2842.4	2841.7	2842.4	2841.7	2842.4	2841.7	2842.4	2841.7	2842.4
FT-84 A 356	1384.8	1381.8	1378.9	1363.1	1362.2	1361.8	1378.7	1375.7	1375.7	1379.7	1364.5	1375.7	1364.5	1375.7



## FOREIGN EXCHANGES

## Dollar's mini-rally continues

THE DOLLAR continued its small pre-Christmas rally against the D-Mark yesterday, rising above the DM1.50 level but failing to break through to DM1.60, writes James Biles.

Once again, foreign exchange trading was extremely thin in the run-up to Christmas, and exchange rates were affected by the tinnest of flows.

Market sentiment continued to be dominated by Tuesday's comments from Mr. Helmut Schlesinger, the Bundesbank President, that German inflation would be at 3 per cent by the end of next year.

The boost that this gave to the dollar on Tuesday was compounded yesterday by data showing a 0.5 percentage point rise in US personal income in November, and a 0.5 percentage point rise in spending in the same month. Mr. Neil Mackinnon, chief economist at Citibank in London, said both data indicated that the US economic upturn, when it comes,

will be consumer-led.

The dollar peaked at DM1.5940, but slipped back to close at DM1.5845, up more than half a penny on the day.

The D-Mark had a weaker tone against the French franc, but closed unchanged at FF234.11. Investors continue to think that the pressure on the French currency will return in the new year.

Sterling was unable to profit from the easier tone to trading, partly due to the latest UK savings rate figure. This rose to 12.3 per cent in the third quarter of 1992, against a revised 11.4 per cent in the second quarter, suggesting that consumer spending was likely to remain limited, and that the government might need to tighten the economy further through further rate cuts.

The pound fell 0.4 of a penny against the German euro, and more than a cent weaker against the dollar, closing at

\$1.5365.

Movements in most currencies in the new year will depend on whether the Bundesbank eases policy.

Mr. MacKinnon of Citibank believes the pressures on the German central bank will soon be overwhelming. German GDP, in his view, is set to fall next year by as much as 1 per cent threatening the German economy with depression.

Miss Alison Cottrell, an economist at Midland Global Bank in London, agrees. In her view, this week's lower figure for M3 money growth, which showed an annualised 9.3 per cent rise in the year to November, is an over-estimate of the real figure.

She believes that the amount of money in circulation in November will have been boosted by the heavy liquidation of German assets into cash to avoid a heavy tax on interest-bearing deposits due to be introduced next month.

## £ IN NEW YORK

Dec 23	Latest	Previous
1 month	1.5245-1.5255	1.5240-1.5250
3 months	1.5245-1.5255	1.5240-1.5250
6 months	1.5245-1.5255	1.5240-1.5250
12 months	1.5245-1.5255	1.5240-1.5250

## STERLING INDEX

Dec 23	Latest	Previous
0.30	79.5	79.5
0.60	79.5	79.5
0.90	79.5	79.5
1.20	79.5	79.5
1.50	79.5	79.5
1.80	79.5	79.5
2.10	79.5	79.5
2.40	79.5	79.5
2.70	79.5	79.5
3.00	79.5	79.5

## CURRENCY RATES

Dec 23	Bank	Special	European
US Dollar	1.5365	1.5365	1.5365
Swiss Franc	1.4845	1.4845	1.4845
Japanese Yen	160.00	160.00	160.00
Deutsche Mark	1.5845	1.5845	1.5845
French Franc	6.5545	6.5545	6.5545
Italian Lira	1936.27	1936.27	1936.27
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.36	2.36	2.36
Austrian Schilling	13.76	13.76	13.76
Greek Drachma	340.75	340.75	340.75
Irish Punt	0.7875	0.7875	0.7875
Scottish Pound	1.5365	1.5365	1.5365
Welsh Pound	1.5365	1.5365	1.5365
Manx Pound	1.5365	1.5365	1.5365
Channel Island	1.5365	1.5365	1.5365
Jersey Pound	1.5365	1.5365	1.5365
Guernsey Pound	1.5365	1.5365	1.5365
Isle of Man	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365

## CURRENCY MOVEMENTS

Dec 23	Bank	Special	European
US Dollar	1.5365	1.5365	1.5365
Swiss Franc	1.4845	1.4845	1.4845
Japanese Yen	160.00	160.00	160.00
Deutsche Mark	1.5845	1.5845	1.5845
French Franc	6.5545	6.5545	6.5545
Italian Lira	1936.27	1936.27	1936.27
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.36	2.36	2.36
Austrian Schilling	13.76	13.76	13.76
Greek Drachma	340.75	340.75	340.75
Irish Punt	0.7875	0.7875	0.7875
Scottish Pound	1.5365	1.5365	1.5365
Welsh Pound	1.5365	1.5365	1.5365
Manx Pound	1.5365	1.5365	1.5365
Channel Island	1.5365	1.5365	1.5365
Jersey Pound	1.5365	1.5365	1.5365
Guernsey Pound	1.5365	1.5365	1.5365
Isle of Man	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365

## OTHER CURRENCIES

Dec 23	Bank	Special	European
US Dollar	1.5365	1.5365	1.5365
Swiss Franc	1.4845	1.4845	1.4845
Japanese Yen	160.00	160.00	160.00
Deutsche Mark	1.5845	1.5845	1.5845
French Franc	6.5545	6.5545	6.5545
Italian Lira	1936.27	1936.27	1936.27
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.36	2.36	2.36
Austrian Schilling	13.76	13.76	13.76
Greek Drachma	340.75	340.75	340.75
Irish Punt	0.7875	0.7875	0.7875
Scottish Pound	1.5365	1.5365	1.5365
Welsh Pound	1.5365	1.5365	1.5365
Manx Pound	1.5365	1.5365	1.5365
Channel Island	1.5365	1.5365	1.5365
Jersey Pound	1.5365	1.5365	1.5365
Guernsey Pound	1.5365	1.5365	1.5365
Isle of Man	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365

## FORWARD RATES

Dec 23	Bank	Special	European
US Dollar	1.5365	1.5365	1.5365
Swiss Franc	1.4845	1.4845	1.4845
Japanese Yen	160.00	160.00	160.00
Deutsche Mark	1.5845	1.5845	1.5845
French Franc	6.5545	6.5545	6.5545
Italian Lira	1936.27	1936.27	1936.27
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.36	2.36	2.36
Austrian Schilling	13.76	13.76	13.76
Greek Drachma	340.75	340.75	340.75
Irish Punt	0.7875	0.7875	0.7875
Scottish Pound	1.5365	1.5365	1.5365
Welsh Pound	1.5365	1.5365	1.5365
Manx Pound	1.5365	1.5365	1.5365
Channel Island	1.5365	1.5365	1.5365
Jersey Pound	1.5365	1.5365	1.5365
Guernsey Pound	1.5365	1.5365	1.5365
Isle of Man	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365
Faroe Islands	1.5365	1.5365	1.5365
Greenland	1.5365	1.5365	1.5365

## MONEY MARKETS

## UK futures rise sharply

THE SLIGHTLY easier tone in European money markets continued yesterday, with French and German futures all extending their recent rises, writes James Biles.

In the UK market, short-dated futures rose after the release of figures showing increased savings by Britons in the Third Quarter. This clouded hopes of a quick economic recovery led by consumer spending and raised new hopes that the government might have to ease monetary policy further to stimulate a recovery.

UK clearing bank base lending rate 7 per cent from November 13, 1992.

As the holiday approaches, the market continues to be swayed by the Christmas cheer delivered on Tuesday by Mr. Helmut Schlesinger, the Bundesbank President. He said that German inflation could be as low as 3 per cent by the year end.

However, Mr. Schlesinger's forecast was slightly overshadowed yesterday by poor preliminary figures for German inflation in December. The cost of living rose 0.2 per cent in December from November, and was 3.8 per cent higher compared to December 1991 levels.

There was, nevertheless, a

## UK futures rise sharply

rise in short-dated Euromark futures, with the March contract up another 2 basis points to close at 92.22.

German call money rates retreated as the market found itself with sufficient liquidity after the passing of a major tax deadline. Traders quoted call money at 8.70-8.85 per cent from 8.80-8.90 per cent on Tuesday.

In the French cash market, 3-month money dropped sharply from the 12.4 per cent level seen on Tuesday, partly because it is assumed that a concerted attack on the French franc will not take place before the new year. Three month money dropped to 11.4 per cent. The March French futures contract rose 7 basis points to a close of 90.71.

Yesterday's rise in the savings rate, which measures the percentage of disposable income that people save, partly explains the 6 basis point rise in the March short sterling contract, to a close of 83.36. Dealers believe sluggish consumer spending could force the UK to cut base rates again soon.

Three-month money firmed slightly to 7.4 per cent, having hovered around 7.4 per cent for most of the week. The Bank of England forecast a shortage of £1.2bn at the start of operations, with no late assistance.

## FT LONDON INTERBANK FIXING

01.00 am Dec 23	3 months US Dollars	6 months US Dollars
11.30	11.30	11.30
11.45	11.45	11.45
12.00	12.00	12.00
12.15	12.15	12.15
12.30	12.30	12.30
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16.30	16.30	16.30
16.45	16.45	16.45
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37.00	37.00	37.00
37.15	37.15	37.15
37.30	37.30	37.30
37.45	37.45	37.45
38.00	38.00	38.00
38.15	38.15	38.15
38.30	38.30	38.30
38.45	38.45	38.45
39.00	39.00	39.00
39.15	39.15	39.15
39.30	39.30	39.30
39.45	39.45	39.45
40.00	40.00	40.00
40.15	40.15	40.15
40.30	40.30	40.30
40.45	40.45	40.45
41.00	41.00	41.00
41.15	41.15	4







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## WORLD STOCK MARKETS

[illegible][illegible][illegible]

	Dec 10	Dec 11	Dec 12	year ago (approx.)
Composite	440.31	442.70	441.28	433.25
Industries	513.05	524.60	515.75	509.12
Financial	405.85	405.56	403.43	377.78
NYSE Composite	241.66	243.72	242.08	237.12
Asian Mkt. Value	371.66	390.68	382.23	370.42
NASDAQ Composite	600.81	602.06	591.29	658.96
FINLAND	181.22	174.50	172.68	161.40
HKS General (2512/96)	835.28	824.06	818.04	816.81
FRANCE	433.53	469.92	473.23	459.12
CAC 40 (12/91)	1629.11	1629.37	1628.25	1578.12
GERMANY	598.12	598.62	597.79	585.66
FAZ Index (12/59)	1692.18	1692.44	1691.94	1664.94
CONSUMERS (12/2007)	1526.75	1523.57	1515.56	1493.03
HONG KONG	5317.99	5297.74	5242.46	5192.86
Hang Seng Bank (3377/04)	5317.99	5297.74	5242.46	5192.86
INDONESIA	1458.57	1459.00	1458.57	1458.57
JAPAN	1458.57	1459.00	1458.57	1458.57

	Dec 16	Dec 9	Dec 2	year ago	appr.	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575
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Overall Jan DAX - 1,020, JSE Gold - 255.7, JSE 26 Industrials - 264.3 and Australia All Ordinary and Mining - 506.6  
SG Group Ltd Unavailable.

## TOKYO - Most Active Stocks

Wednesday, December 22, 1992

	Stocks	Closing	Change		Stocks	Closing	Change
	Traded	Prices	on day		Traded	Prices	on day
Tokai M & F Inv .....	2,824	1,940	+ 20	Mitsubishi Heavy .....	2,221	514	- 1
Nippon Steel .....	2,826	295	-	Nomura Sec .....	2,221	1,579	+ 20
Nissan Yusen .....	1,824	510	+ 5	Toy Motor .....	2,121	357	- 10
Toyota Motor .....	2,426	1,522	+ 30	Yoshida Corp .....	2,021	843	- 4
Yasuda .....	2,426	1,522	-	Mitsubishi Elec .....	1,921	465	- 2

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Copenhagen	+45 33	134441	935335	Paris	+33 1 42970623 42970629
Frankfurt	+49 69	156850	5964483	Tokyo	+81 3 32951711 32951712
Geneva	+41 22	7311604	7319481	Stockholm	+46 8 6660065 6660064
Helsinki	+358 0	730400	730705	Vienna	+43 1 5053184 5053176
Lisbon	+35 11	808284	804579	Warsaw	+48 22 489787 489787







FINANCIAL TIMES THURSDAY DECEMBER 24 1992

**INVESTMENT TRUSTS - Cont.**

هكذا آمن الأهل



[illegible][illegible][illegible]

On	Gr's	PE
21	54	86

17.2 21

61.7	16.7	
4.48	17.1	

49.9 8.7 traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

125 ET Cityline

is available through the FT Caving International telephone



3 pm December 23

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991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Appeal: Faisal Husseini, Palestinian leader in the occupied territories, is flanked by Ghassan al-Khatib (left) and Hanan Ashrawi, two other members of the peace delegation, as he demands action to save the talks with Israel after the deportation of 415 alleged Islamic militants

## Anger erupts as Israeli troops kill two protesters Palestinians warn on peace talks

By Hugh Carnegie in Jerusalem

MR Faisal Husseini, the senior Palestinian leader in the occupied territories, yesterday appealed for "someone to do something" to save Middle East peace talks.

His plea came as Israeli troops shot dead two Palestinians and wounded 42 in the Gaza Strip during protests against the deportation of 415 alleged Islamic fundamentalist militants.

The Palestine Liberation Organisation will today call on Syria, Lebanon and Jordan to join it in suspending negotiations with Israel until the deportees are allowed to return - something which Israel has refused to consider - at a special meeting on the expulsions hosted by Egypt in Cairo.

Mr Husseini warned that the PLO would consider a renewed commitment to armed struggle if Israel did not move to restore an atmosphere conducive to "productive negotiations".

Mrs Hanan Ashrawi, the Palestinian spokeswoman, repeated at a Jerusalem press conference that the deportations had dealt a "death blow" to the talks. But Mr Husseini made it clear his colleagues in the Palestinian delegation were anxious not to see the 14-month-old negotiations collapse.

Mr Yitzhak Rabin, the Israeli prime minister, was urged by several ministers yesterday to balance the deportations by opening a direct dialogue with the PLO. At present, formal participation in negotiations by the PLO is barred by Israel. Ministers

quoted Mr Rabin as saying: "There is no change in Israeli's policies vis-a-vis the PLO."

Palestinian leaders fear that the wave of protests that have followed last week's deportations and the uncompromising army response have further narrowed the scope for a return to negotiations, undermining the already weak public support in the West Bank and Gaza for the peace talks.

Reporters in Gaza say there is a conviction of anger among the local population which is fuelled by each new death. Yesterday, Ismael Abdeen, 37, was shot dead as he stood on the balcony of his house. His body toppled into the street. His enraged brother Naim, 32, then charged soldiers, hurling stones, and was also shot dead.

Their deaths brought to 11 the number of Palestinians killed, including at least two children, in protest riots since the expulsions, ordered last Wednesday after a spate of violence by Islamic militants in which six Israeli soldiers were killed.

Fierce clashes erupted in Gaza after it was opened to Israel for the first time in more than two weeks and curfews were lifted in some places. The deportees said yesterday they were running short of food and water as they remained trapped for the sixth day in freezing conditions in a Lebanese no-man's land between Lebanese and Israeli forces where Israel dumped them last Thursday.

Little Christmas cheer in Bethlehem, Page 3

## German inflation rise hits hopes for policy relaxation

By Quentin Peel in Bonn

INFLATION in west Germany rose to its highest rate for six months in December, further damping hopes of a rapid relaxation in the Bundesbank's strict monetary policy.

Preliminary estimates of the December rate published yesterday by the Federal Statistics Office put the price rise at 0.2 per cent against November, and 3.8 per cent compared with December 1991.

The figure contrasts with the relative optimism of Mr Helmut Schlesinger, president of the Bundesbank, in an interview on Tuesday, when he expressed confidence that inflation would fall

to around 3 per cent next year, compared with an average of about 4 per cent in 1992.

However, he also insisted that the central bank's monetary policy would remain tight until inflation was under control, and that goal had still not been met.

The increase in inflation comes in spite of declining import prices, thanks to the strong D-Mark, and the continuing high interest rates maintained by the Bundesbank to combat the inflationary pressures in the economy.

Some economists had hoped for a reduction in the inflation rate, reflecting the sharp slowdown in economic activity in recent months, and the import price

effect, before an inevitable increase next month.

There will be a 1 per cent increase in the rate of value added tax, from 14 to 15 per cent, from January 1, which is expected to push the inflation rate above 4 per cent.

The German economy is expected to continue to contract for at least the first two quarters of next year, and unemployment to grow steadily, putting the trade unions under severe pressure to keep their pay demands modest in the annual wage round. That, and the effect of low import prices, are the main factors behind the cautious optimism for a clear downward trend later in the year.

## Cabinet posts for reformers

Continued from Page 1

is thought unlikely to get it.

However, Mr Sergei Shakhrai, the former legal adviser to Mr Yeltsin - and another deputy prime minister remaining in place - said yesterday Mr Yeltsin could himself confirm Mr Koryev as foreign minister, at least for a further three months.

Mr Vladimir Shumeiko stays on as first deputy prime minister, and Mr Andrei Nekhayev, the economics minister, also retains his post - meaning that the economics team appointed by Mr Gaidar is all but untouched. The one casualty, Mr Pyotr Aven, the trade minister - who resigned on Monday - is replaced by Mr Sergei Glazyev, his former deputy.

The one concession to the conservative deputies, who won the resignation last week of Mr Gaidar, formerly the acting prime minister, during the Congress of Peoples Deputies' session, was in the appointment of a deputy prime minister, Mr Yuri Yarov, a deputy chairman of parliament.

Mr Yarov has been a supporter of Mr Ruslan Khasbulatov, the parliamentary speaker - but has also maintained links with Mr Yeltsin's camp and has been less fiercely opposed to the reform government than Mr Khasbulatov and others of his deputies.

Mr Yarov appears to replace Mr Georgi Makharadze, a deputy prime minister in charge of regional affairs.

Mr Fedorov's appointment, for which Mr Chubais and Mr Shokhin fought hard in the past three days, is seen as a crucial one for maintaining the fight against inflation and strengthening privatisation.

He resigned as Russian finance minister two years ago because of disagreements over the slow pace of reform within Russia while it was still part of the Soviet Union. He then served as a senior executive of the European Bank of Reconstruction and Development before taking the post in the World Bank earlier this year.

He is considered one of the few senior Russian economists with substantial experience of foreign economies and of the international banking system.

### THE LEX COLUMN

## In festive mood

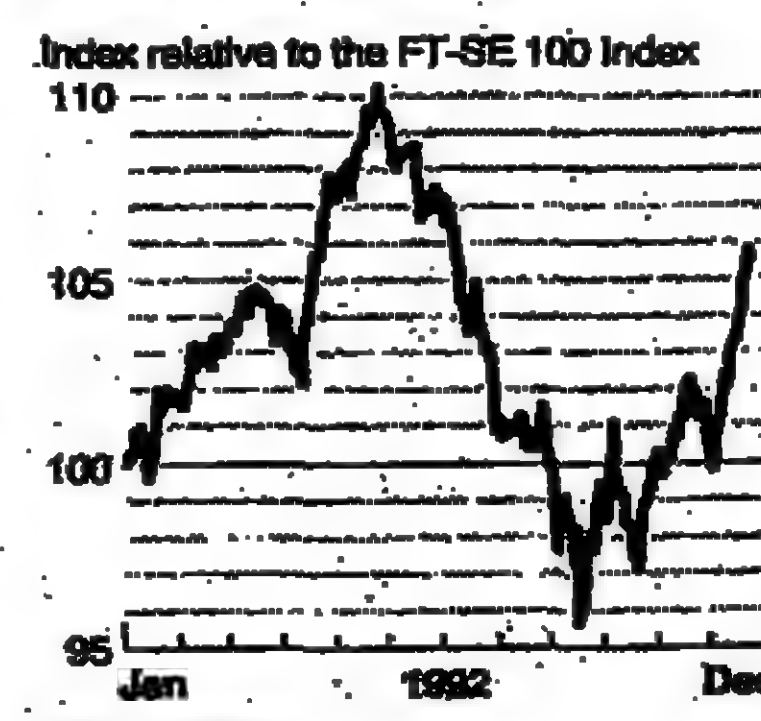
This week's rally in UK equities feels like more than the seasonal meandering of an inebriated market. Trading volumes have been unusually high for the festive season. The best of the gains have been in second-tier stocks, pushing the FT-SE 250 index ahead. With no futures contract on that index, the pernicious influence of pit traders can hardly be at work. That the 250 is weighted towards the capital goods sectors only adds to the impression that the market is rationally pricing in a cyclical recovery in earnings.

Even so, a multiple of over 17 times last year's earnings is taking a lot on trust. The market last reached a comparable multiple in the run up to the 1987 crash. There are powerful supports nonetheless, not least the dwindling returns on cash. With long gilts yielding only 2.1 times more than the market, equities are hardly out of line with bonds. Equally, the prospects look bullish set against the grim economic outlook on continental Europe. That should draw funds from overseas. Come the spring, though, the government will be competing hard for funds.

If that means higher bond yields, equities will be swimming against the tide. Companies may be tempted to make a dash for cash before the government wades in. If recovery really is around the corner, corporate funding will be required. Assuming some modestly good news on earnings, a rush of first quarter rights issues is a real possibility. That would really test the courage of the market's convictions.

FT-SE Index: 2827.4 (-14.6)

FT-SE 250 Index



Source: Datastream

narrowly-based Dow Jones Industrials index has been held back by laggards like IBM, the broader Standard & Poors Composite index has made new highs in the past week.

The good run appears to have momentum, and there is evidence of small investors moving money from bond to equity funds. Overseas fund managers may also increase their low weightings in US stocks. But such flow-of-funds arguments are slippery, and the market may be approaching a peak. Many high-quality stocks are now on high ratings, and there is increasing turnover in new issues. The S&P now sells at 16 times the most optimistic estimates of 1993 corporate earnings. In the absence of a boom, it is unlikely to push much higher.

### US economy

Yesterday's 0.2 per cent rise in US personal incomes may have disappointed the equity market slightly, but special factors were at work. Most recent economic data confirm that a modest but well-founded recovery is under way, and the US economy is likely to grow by around 2.5 per cent in 1993. That may well be enough to prevent President-elect Clinton from launching a large fiscal recovery package. US Treasury bond yields, which have declined since the election, may fall further as the prospect of increased supply fades.

However, economic growth may not be enough to cut unemployment much. With wage pressures low and commodity prices weak, inflation is likely to remain subdued. A background of growth, low inflation and falling bond yields is tailor made for a bull market in equities. And while the

### Gardner Merchant

These are not easy times for leveraged buy-outs, but the odds are better than most for Gardner Merchant, whose sale to a consortium led by Citicorp was authorised at an extraordinary meeting of Forte yesterday. Not only is contract catering a highly cash-generative business but Gardner Merchant starts out with a gearing of around 100 per cent, which is low for this type of exercise. Since it has been able to hedge its interest exposure to give single-digit rates for years ahead, debt service should be no problem.

Less certain is the rate of growth. Gardner's management has delivered steady if unspectacular growth of 10 to 15 per cent for Forte over the years. It believes it can continue to do so in a market where public sector contracts, especially in the health service, are ripe for the plucking. Perhaps the

combination of independence and incentives attached to the buyout will spur management to push up margins which are half those at Compass, its main rival. The art will be to avoid losing the reputation for service on which organic growth depends. If Gardner Merchant succeeds, Forte, which has retained a 25 per cent stake, may yet wonder why it disposed of a business that generated so much useful cash to fund its hotels.

### Switzerland

There are some murky politics behind the row between Union Bank of Switzerland and Mr Christoph Blocher, the director it is trying to sack. Mr Blocher was an implacable opponent of Swiss membership of the European Economic Area which UBS actively supported in the recent referendum. But more than pride is at stake. The underlying issue is a fundamental one of corporate governance: the right of shareholders to influence corporate management.

Mr Blocher's chief ally is BK Vision, the investment trust which speaks for 4 per cent of UBS shares. It was set up by Mr Martin Ebner, share analyst turned financier, who has already rattled the boards of such companies as Zurich Insurance and Roche. In choosing to fight Mr Blocher on his supposed attitude to regulation of mortgage rates and central bank independence, UBS may have chosen issues on which it can win, hobbling Mr Ebner in the process. Even so, a couple of years ago the dispute would have been unthinkable. Swiss investors are flexing their muscles more effectively than their German counterparts, who are only just beginning to clamour for shareholder rights.

One reason may be Switzerland's stronger tradition of independent fund management. But companies have also - sometimes reluctantly - realised that they must become more friendly towards shareholders to attract investment capital in today's global market. Hence the fashion for abolishing non-voting participation certificates and more transparent financial reporting. The theory is that, as Switzerland falls more closely into line with international standards, its equity market could enjoy a revaluation. If anything, the no vote in the recent referendum, which has left Switzerland out in the cold, may even accelerate the process. Germany offers scope for similar valuation gains, but the need for change is less marked.

## Digital split

Continued from Page 1

recorded losses of \$260.5m (£171.3m) for its first fiscal quarter ending in September, following losses of \$2.8bn for the fiscal year that ended in June.

The new business units include five marketing groups that will address sectors in which Digital has been successful over the years, as well as industries targeted for significant growth, Mr Palmer said.

They are: health; discrete manufacturing and defence; communications, education and entertainment; consumer and process manufacturing; and financial, professional and public services.

Digital has also formed four product development and manufacturing groups for personal computers; components and peripherals; storage; and multi-end user customer services. "These organisations will be responsible for understanding customer needs and providing solutions to meet those needs," said Mr Palmer.

The changes at Digital mirror a similar restructuring at International Business Machines 12 months ago, as both companies overhaul their operations in response to shifts in the computer market towards cheaper, microprocessor-based computers.

## Whizz-kid pupils teach the teachers

By John Willman, Public Policy Editor

PARENTS worried about the baleful influence of Sonic the Hedgehog or Super Mario on their children's intellectual development may be surprised to find that computer whizz-kids are playing an important role in Britain's classrooms.

Teachers are no less technologically challenged than the rest of the population who find setting the timer on a videocassette recorder a daunting task, according to a report published today by the schools inspectorate.

As in the home, teachers turn to the younger generation for help and advice in using the increasingly sophisticated computer equipment finding its way into schools.

Hours spent with Sega or Nintendo games have created a new generation of "pupil experts" at ease with the fast-developing world of computers. Schools are beginning to recognise that pupil experts can be great assets, helping other children, backing up teachers and managing school computer networks.

"The all-pervading influence of the new technology in their everyday lives has produced a generation of young people assured and relaxed in their approach to information technology," the inspectors say. "Pupils turn to IT without reticence or trepidation, unlike many of their elders."

Many teachers were "brought up in the days when the notion of a 'smart' or intelligent machine would have been thought threatening", say the inspectors. Most get no further than learning word processing.

The inspectors said: "Girls are less likely than boys to be enthusiastic about information technology and are likely to assume less active roles if working with computers in mixed groups."

Some schools tackle this issue with lunchtime sessions or computers reserved for girls. The inspectors might do better to raise the issue with the Japanese software writers who tend to cast girls in passive roles. Princess Toadstool's only role is to await rescue by Mario and Luigi. Step forward Sonia the Hedgehog and Super Maria.

World Weather		Boulogne		Frankfurt		Majorca		Osaka		Oporto		Tenerife		
		C	F	C	F	C	F	C	F	C	F	C	F	
Algeria	F	16	61	Brussels	C	5	41	Geneva	F	3	37	Oslo	S	-18
Amsterdam	C	3	37	Budapest	C	10	50	Hong Kong	S	15	59	Paris	S	-4
Algiers	F	16	61	Buenos Aires	F	28	82	Guangzhou	F	1	34	Prague	S	37
Ankara	C	10	50	Cairo	F	17	63	Helsinki	C	-1	30	Rangoon	S	-1
Athens	S	9	48	Chengdu	F	23	73	Hong Kong	S	15	59	Rio de Janeiro	S	-37
Bahia	S	17	63	Copenhagen	F	16	61	Los Angeles	F	23	73	Roskilde	S	12
Bangkok	F	24	75	Dallas	F	10	50	Manila	F	23	73	Sao Paulo	S	24
Barcelona	C	14	57	Edinburgh	F	5	41	Medan	F	23	73	Seoul	F	12
Bombay	S	24	75	Helsinki	F	10	50	Montreal	S	-3	26	Singapore	F	24
Bremerhaven	C	14	57	Istanbul	F	10	50	Moscow	S	-13	9	Sydney	S	24
Buenos Aires	F	28	82	Jakarta	F	23	73	Munich	F	0	32	Taipei	S	24
Calcutta	S	24	75	Kuala Lumpur	F	23	73	Nairobi	F	23	73	Tokyo	S	14
Canton	F	23	73	London	F	10	50	Osaka	S	14	57	Toronto	S	14
Cebu	S	24	75	Los Angeles	S	9	48	Perth	S	17	63	Yokohama	S	14
Chengdu	F	23	73	Madrid	F	10	50	Rio de Janeiro	S	24	75			
Copenhagen	F	16	61	Manila	F	23	73	Sao Paulo	S	24	75			
Dallas	F	10	50	Moscow	S	-13	9	Singapore	S	24	75			
Darmstadt	F	10	50	Munich	F	0	32	Sydney	S	24	75			
Delhi	S	24	75	Nairobi	F	23	73	Taipei	S	24	75			
Dhaka	S	24	75	Osaka	S	14	57	Tokyo	S	14	57			
Dublin	F	10	50	Seoul	S	14	57	Toronto	S	14	57			
Edinburgh	F	5	41	Singapore	S	24	75	Yokohama	S	14	57			
Geneva	F	3	37	Sydney	S	24	75							
Helsinki	F	10	50	Taipei	S	24	75							
Istanbul	F	10	50	Tokyo	S	14	57							
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Kuala Lumpur	F	23	73	Yokohama	S	14	57							
Los Angeles	S	9	48											
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Manila	F	23	73											
Melbourne	F	10	50											
Medan	F	23	73											
Montreal	S	2	36											
Moscow	S	-13	9											
Munich	F	0	32											
Nairobi	F	23	73											
Osaka	S	14	57											
Perth	S	17	63											
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Singapore	S	24	75											
Sydney	S	24	75											
Taipei	S	24	75											
Tokyo	S	14	57											
Toronto	S	14	57											
Yokohama	S	14	57											

Standard Chartered

## The Mocatta Group

Mocatta, the world's oldest bullion company, is pleased to announce that Mocatta & Goldsmid Limited, Mocatta Commercial Limited and Mocatta Hong Kong Limited, collectively known as The Mocatta Group, have become a division of Standard Chartered Bank with effect from 21st December, 1992.

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Standard Chartered



# Weekend FT

Weekend December 24 1992

SECTION II

**Fear stalks the world's markets as a serial killer leaves his bloody trademark on the currencies of innocent countries. Young Poirot interviews the suspects**

"OFTEN, a crime requires a fortuitous opportunity as well as a pre-existing motive," observed Jacques Poirot.

FOR POIROT, chief of the internal investigations secretariat at the European Commission, this was the *déroulement* of perhaps his most remarkable case. It was, he mused, one which his more famous uncle, Hercule, would have found truly fascinating. He looked around the room at his distinguished suspects. There was Jacques Delors, the president of the European Commission himself, impatiently fingering a large file labelled DANE-MARK. Norman Lamont, the British chancellor of the exchequer, was hurriedly putting a Thresher's Christmas drinks price brochure back into his briefcase.

George Soros, the celebrated international speculator, seemed preoccupied with a mobile paging device on which numbers were moving across a display. Only Helmut Schlesinger, president of the Bundesbank, seemed fully at ease, in the manner of a man who was content in the knowledge that he had done a good job.

"I must apologise, *messieurs*, for detaining you so close to Christmas," Poirot said. "But I believe it is vital to clear this matter up ahead of the holidays, before the seasonal festivities have a negative effect on the performance of the little grey cells."

"I am referring, of course, to what have become popularly known as the ERM murders. It may be fanciful to talk about currencies as if they were people, but consider the sequence of events. First, the vicious attack on the Finnish markka. So small and so vulnerable, it posed no threat to anybody, and yet it was ruthlessly gunned down by speculators. Then came the demise of the Italian lira. Some argue that the lira deserved all it got. But the circumstances were still disturbing."

"Next, the sterling pound. Perhaps it had behaved... how shall I say?... somewhat provocatively. But did it merit such a fate? I think not. And so on, with the peseta, the escudo and others, all cut down without mercy. Only this month the Swedish krona succumbed after a long period on life support."

"In other words, an inexplicable series of exchange rate disasters which surely cannot be random but must have a common connection. It may be difficult, however, for many people to understand this here in Brussels, where serial killings are normally associated with abuses of the Common Agricultural Policy."

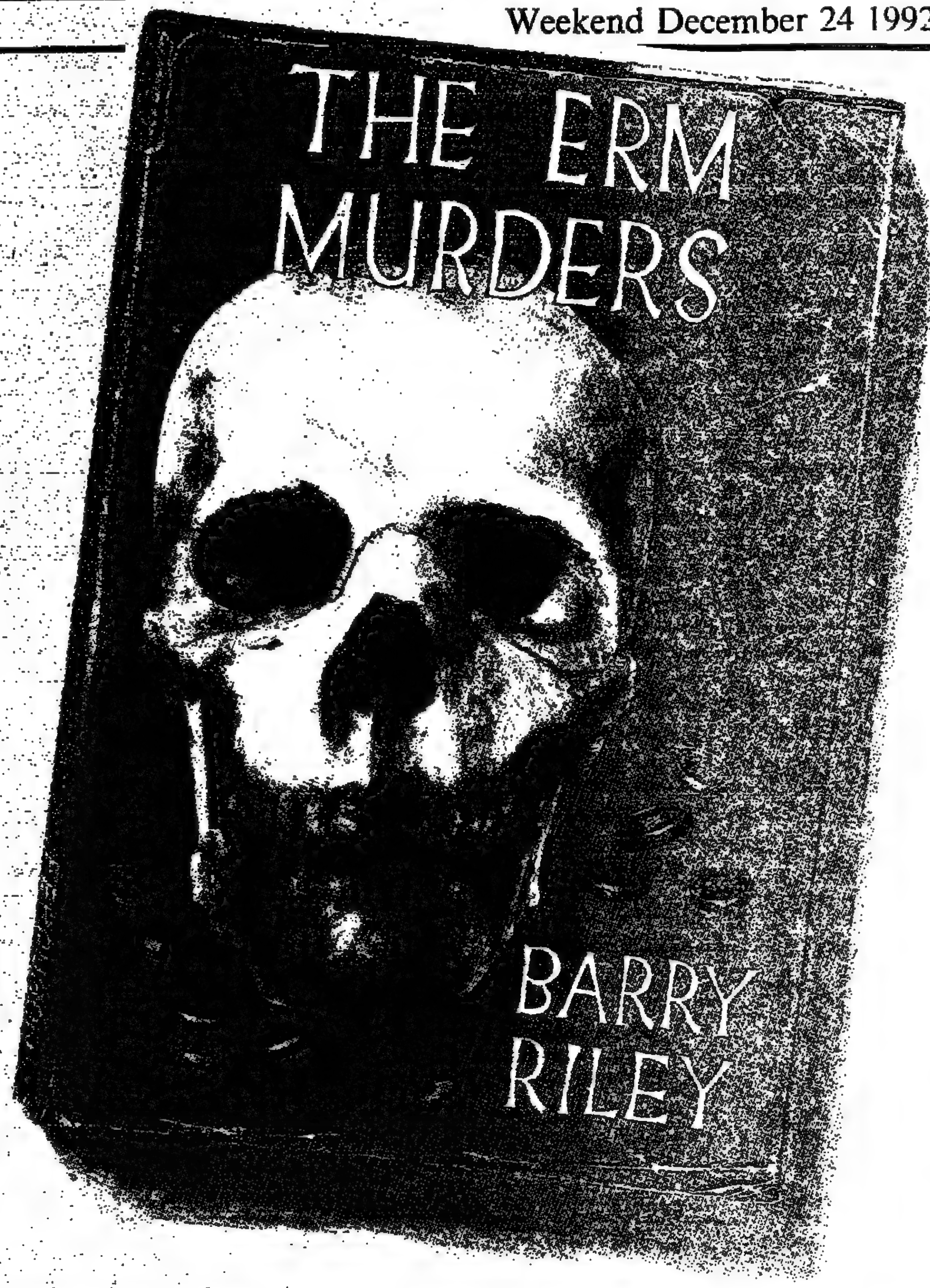
If his stony-faced listeners understood the pun, they showed no signs of doing so. "Forgive me," Poirot continued. "You are right, this is indeed a matter *très grave*. I shall now come to the point."

He walked down the table, and then stopped opposite Delors. "I am afraid you are not just here as an observer, as you were led to believe, *monieur*. It is difficult for me to make accusations against my own boss. But the logic of the evidence is such that I must give voice to my suspicions."

"Me, a suspect?" rasped Delors. "This is intolerable. You were supposed to find the guilty people in the markets, not make wild accusations against your seniors. In any case, you must be quite mad. Nobody is more committed than I am to the EMS, to the single market, to EMU and the European ideal. I have proved it again and again, most recently by saving the Community from the dreadful British presidency."

"*Pardonnez-moi, Monsieur*. But the remarkable feature of this case is that the motives of the leading suspects are not at all what they seem! In your own case, there is a conflict. It is no secret that you hope to become the next president of France in 1995, perhaps sooner."

Poirot nervously fingered his moustache. "How much stronger your chance might be if you could arrange that the franc should be the new core currency of the European monetary system. Now, all rivals have been eliminated except, of course, the D-Mark."



Perhaps that will be your next target."

"However, you are not my chief suspect," Jacques Poirot shifted his gaze further along the table. "Herr Schlesinger, you were always a more plausible perpetrator of this crime. You behaved aggressively in raising interest rates, regardless of the position of your ERM partners. There were press reports of interviews in which you apparently sought to undermine the security of certain currencies."

Schlesinger snorted. "Those accusations have all been completely answered," he snapped. "I did not say those things, and I did say them they were not authorised to be printed. The Bundesbank has always been completely committed to the ERM, so long as it is run in the way we require."

"*Excusez-moi, monsieur*," responded Poirot. But I suggest that the signing of the Maastricht treaty a year ago unleashed strong emotions in you. After all, the very future of your beloved Bundesbank was threatened. It

lifelong student of the financial markets," he said. "But as I explained in my book on the theory of reflexivity, a speculator must respond to market movements, not attempt to influence them. My activities may be embarrassing for governments that follow unwise policies, but the money I make is not wasted. Only last week I gave \$50m to help the suffering people of Bosnia."

"Truly an assassin with a heart of gold!" murmured Poirot. "But if you were indeed an assassin, who had you? In the course of my investigations I began to think about the possibility of a conspiracy involving elements here in the Brussels Commission itself. We have all heard the rumours, of activists eager to expand the role of the Community, for instance in the Yugoslav crisis, but balked by member governments unwilling to cede sovereignty or provide funds."

"No government has been more obstructive than that of Britain. So it

**'You can prove nothing!'**  
**Schlesinger cried. 'I carry out my duties according to the law. If other countries fail to listen to what I say, it is they who must accept the consequences.'**

would be replaced by a European central bank in the council of which the views of countries such as Italy and Britain would become important. Just think how inflationary that would be! Your anger could lead to a *crime passionnel*!"

Poirot paused. "Perhaps a plan for sabotage came into your mind. A hint of conflict here, a failure to communicate a message there. If carried out with skill and ruthlessness the whole ERM could be destroyed, Maastricht would be discredited and the Bundesbank would survive."

"You can prove nothing!" Schlesinger cried. "I am but a public servant. I carry out my duties according to the law. If other countries fail to listen to what I say it is they who must accept the consequences."

Poirot nodded. "Indeed, I have come to the conclusion that you had the motive but not the daring of the true criminal," he observed. "But you, George Soros, have the reputation of being the executioner of the markets. To destroy a currency would give you no pang in the conscience at all."

Soros lifted his eyes briefly from his price monitor. "It is true that I am a

would surely have been tempting for the conspirators to arrange a trap for the British government. This would be poetic justice! The British, so keen to restrict their spending, would be lured into a situation in which they would stupidly waste billions in a vain attempt to support sterling."

Norman Lamont, silent until then, rose to his feet in protest. "I say, that's most unfair," he protested. "We had a very clear strategy, and in fact we did not devalue sterling, it was just that it floated downwards."

Poirot twirled his moustaches again. "*Bien sûr*," he said. But the fact is that British money is now pouring into Bosnia, and the British government can do absolutely nothing to stop it! But now, if you will kindly sit down, I Lamont, I will turn to your part in this unfortunate affair."

He paused for effect. "You, of all people, surely had no motive for finishing off European currencies, least of all your own. And yet there were some curious inconsistencies in your behaviour that puzzled me. During the summer, you repeatedly protested that maintaining the pound at a central rate of DM2.95 was the only possible policy.

The alternative, you said, according to my recollection, would be a "snip and run" policy leading to inflation. For months you protested that you would never devalue. But in the end you pulled out of the ERM almost without a fight. Did you protest a little too much? My suspicions were aroused."

"And then, within the past few weeks, a possible explanation emerged. You were involved in newspaper publicity concerning a tenant in your house, a Miss Whiplash I believe. You evicted her, but it emerged, we know not from where, that £4,700 of your legal costs were paid for by the Treasury."

"There's nothing in it," snapped Lamont. "It was all officially approved and totally above board. The costs all resulted from my official position as chancellor of the exchequer."

"Exactly so," responded Jacques Poirot. "And yet you knew you were not popular within your party. There have been other criticisms. Permit me to suggest that you received advance notice that this Miss Whiplash leak was likely to occur. You thought it advisable to create a diversion. So the sterling crisis came as an unexpected opportunity."

"Your improvised plan was simplicity itself. You would blame the sacrifice of sterling on the Germans and on speculators. The premier and rest of the party would be forced to support you because of their anti-European policies. Then, when the matter of the legal costs became public, it would seem to be a minor affair, and would present no further threat to your position."

Norman Lamont laughed. "I came expecting an explanation of the attacks on European currencies," he said, "but we have simply been given four ludicrous theories, all totally unprovable."

"Not quite unprovable," replied Poirot. He pulled a small piece of paper out of his pocket, with a flourish. "You really should not have been so careless as to write incriminating instructions on the back of your wine merchants' sales slip. It says: 'Access restricted. 16.09 short. Tell cellars.'"

"Allow me to explain. The first two words plainly represent a security classification. Then comes the explicit warning of the date of Black Wednesday. Finally, there is an instruction to your friends in the markets, although unfortunately your spelling is not very good. It confused me until I realised you meant 'sellers.'"

Lamont rose and turned towards the exit. "There is not a scintilla of doubt about my innocence," he said. "My character will never be devalued. I am tired of hearing quack solutions to these problems." Jacques Poirot sighed. It was as he had feared. "*Eh bien*, the evidence is clear," he murmured. "They are all guilty."

Truth of the Matter

## Preserving the sceptre on this isle

THE BULB was gone in the box room, so I had to clamber around in semi-darkness to find the crown. Each year we dig it out from all the other inherited junk which seems so useless and yet means so much. It was behind the box with the seized-up vacuum cleaner and under the carton with the Christmas tree lights. (Memo: test lights this year before entangling them in spruce thicket.)

It is a tarnished hoop of filigree brass, part of a redundant electric chandelier adapted many years ago for an epiphany procession. In fact, it is far too wide for any human head, and slips down on to the shoulders of anyone who tries to wear it. By candlelight on a velvet cushion carried by a solemn child, it looks mysterious and majestic.

I sit at the kitchen table and get to work with the Brasso. My fingers grow black but the brass begins to gleam like gold. I wonder if it is a magic crown like Aladdin's lamp? If I rub hard enough will a smoky king materialise from that empty 'O'? Would he be my royal servant, "a brisk, fond lackey to fetch and carry, a true free-hearted slave"? Or would I be His Majesty's loyal and obedient servant? Risky...

Echoes of Shakespeare gather in the back of my memory. After all, this piece is pure theatre. Shakespeare knew about royalty. Kings are countries; this isle is sceptred. The monarch carries the land and its people in his soul. "Upon the King! Let us our lives, our souls, our debts, our careful wives lay on the King. He must bear all!"

The crown may give its wearer uneasy nights; death may keep his court there, it encircles not only his head but his kingdom too and holds within its hollow 'O' the hearts of all his subjects. Or hers, since that paragon of absolute monarchy caught in the spotlight of Shakespeare's incandescent imagination was Queen Elizabeth I.

But today, how much of all that heady chivalry and romantic royal ceremony still holds the hearts and imaginations of the not so loyal subjects of E U R, when chic hats are more in evidence than crowns? Much odious class privilege and aristocratic arro-

gance is kept alive as a poisonous incubus within the body politic with its tentacles around the not unsullied skirts of the royal family. Should we sweep away all this royal farago at the beginning of a new millennium, admit that Tony Benn is right and elect Sir Edward Heath the first president of the British Republic?

But something makes me pause. In spite of all the silly goings-on around the palace, and in spite of the natural human frailty preyed on so pitilessly by the carnivorous press, it may be that what we have is better than any alternative purveyed by the republican faction. Inner and outer processes in the personal and corporate psyche of our people are strangely entangled with the crown and may contribute to the wholeness of the community in subconscious and powerful ways. Is this a neces-

**The crown is still important, argues Hugh Dickinson, Dean of Salisbury**

sary part of our self-identity? Was Shakespeare right?

People dream about the Queen. Not just a few, but, if the polls are right, most people have significant encounters with their monarch. Jung or Freud will no doubt tell us who she is standing in for in our unconscious world. Whatever it is, there is some shared core of our munity of symbols, values and longings deep down inside us which this particular ikon, the crown, serves and represents.

Our society is rapidly losing the inheritance of shared symbols and values which bind it together. That is - was - the function of religion. But now "Things fall apart, the centre cannot hold". The monarch is part of the sacred centre, that mysterious system of rites and ceremonies which invests a nation with continuity and without which chaos looms.

Can a president be that centre? Would we dream of Sir Ted? Of Nixon? Of Amla? I think not (or only nightmares). We need the hollow 'O', a non-political screen on to which the unconscious projections of a whole people can be focused. For that to happen, its

wearer must have a certain simple integrity and be not too clever, partisan or eloquent. Or divorced? Well, time has moved on. The church might mutter but the public might see it as a sign of common humanity. It is not just our corporate psyche which needs this outdated but timeless ikon. Grotesquely the constitution needs it. This hollow 'O' is constitutionally the precise equivalent of zero in mathematical calculations.

To play solitaire, you need an empty space before any move can be made. Our political system uses this empty 'O' as a space into which certain transactions can be deposited to keep them free from political corruption. Like the gold in Fort Knox, it legitimises the currency of power, although it has no intrinsic value. We use a corporate myth to deposit in that sacred vault the mandate for both our courts and our parliament.

The vulnerability of the Supreme Court in the US to political loading and the corruption of the presidency should give us pause for thought. Be sure to keep a hold of nurse for fear of getting something worse. Modernise, by all means. Get out the Brasso. But pause before you wield the axe. Crownwell. Remember?

Being British, of course, I think we will not make a decision to abolish the monarchy. But deliberately or carelessly we may allow it to be eroded and may not notice until too late what other parts of our heritage may be pulled down with it when it falls.

I do not know whether the present heir to the throne will ever feel the weight of this thing I am polishing up on his head, but I do know I feel a profound moral shame to be part of a nation which can publicly dismember two human beings and the naked gusto with which we have licked up their blood.

As one who has spent most of the past six years rescuing a priceless part of our British identity from the effects of acid rain, my first instinct is to start an appeal. But before that I must go over to the cathedral and celebrate the arrival of three kings coming to lay their crowns at the feet of the infant Christ. His was made of thorns. Remember?

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HOW TO SPEND IT

# Scenting success in the gift stakes

Which of the profusion of after-shaves and toilet waters match those very individual men in your life? Lucia van der Post gives her guide

ONCE UPON a time, when Henry Cooper was busy splashing it about on page and screen, Old Spice and Brut were about as exotic as men's fragrances ever got. With today's varied choice, modern man faces almost as grave an identity crisis as his female companion. Should he be a dynamic go-getter or quietly traditional? Should he be gentle, caring, '90s man-about-town or a country-lover at heart?

Take pity on him. Help him out. Decide for him. It is, after all, Christmas Eve. And you still have not found anything for him. Like many others before you, you head for the eau-de-toilette and the after-shave.

The desire to smell sweet and fragrant is not an exclusively female whim - even the most emphatically masculine of chaps tends these days to have a little hoard of lotions and potions that he dots and dabs about his person.

There they lie, rows and rows of them on the glittering counters of our most glamorous stores and our most humble chains - alluring in their promise, overwhelming in their profusion, contradictory in their messages. In one of those packages lies perfect lotion for him. But which is to be?

If you know he has a favourite, all is simple - buy him the biggest flagon you can afford. If in doubt, keep it subtle, mysterious, low-key.

So here, for those still with presents left to buy, is a last-minute guide to which fragrance to give to whom.

■ He is tall and dark and a bit of a rogue. He drives a Porsche and eats at San Lorenzo. His sport is polo, his drink champagne and his favourite accessory is a long-limbed blonde. He is a bit of a show-off so make him feel dashing and jet-set. International and swashbuckling and give him Pasha de Cartier. He will not be ashamed to display its gleaming silver and gold container on the bathroom shelf and it smells very dashing to boot. £19 for 100 ml spray.

■ He is a man of the '90s - gentle, caring, and, if the truth be told, a little bit sappy. He dresses at The Gap, does his stint at the supermarket, cycles to work and his favourite holiday is walking in the Lake District. Ralph Lauren's new Polo Crest is just the thing - light, citrusy, natural, £36 for 100 ml. Or think about Armani Homme (£38) or Dunhill (£32).

■ He is your favourite great-uncle and one of the old school. He lives in the country in a large but dilapidated house with lots and lots of land. His deepest affections are



Message in a bottle: each fragrance says something about its wearer

reserved for his garden, his gun-dog and his cellar. He only comes up to London for essential visits to his doctor, his solicitor, his barber and his tailor. It is much too late in the day to teach an old dog new tricks. Give him something deeply reassuring. Anything from Geo F. Trumper, 9 Curzon Street, London W1 but possibly he would like the classic Extract of Limes (£12.80 for 100 ml) best of all. If you cannot get to Trumper, then consider Floris, also a name with substance and a reassuring tradition behind it.

Nothing new-fangled and fancy there. Give him the most classic of all - No.89 at £22.25 for 100 ml. ■ He is awfully big in the City and nothing but the best will do. Most weekday lunchtimes find him at his regular table at The Connaught or The Savoy. Weekdays are spent in town but Friday afternoons find him heading for his manor house in Wiltshire. He likes nothing too loud, too obvious or too avant-garde. Monsieur de Givenchy is discreet, refined and distinguished. Just what our City friend

would like, £19.25 for 60 ml. Another grand old name to look out for is Chanel pour Monsieur at £31 for 100 ml or, from the Penhaligon's, there is Blenheim Bouquet (£24 for 50 ml). ■ He is creative director of his own advertising company. He has a cool, white flat in Docklands, wears Hugo Boss but also knows that a pair of Levi's and an understated leather jacket will take him anywhere. He drives a Porsche 911, a Range Rover or, if he can run to it, an old classic, a Bentley for prefer-

ence. More than anybody he is conscious that everything - from his tie to his after-shave - carries a message. When it comes to after-shave or eau-de-toilette, he displays a surprisingly conservative streak - everything old and English is so à la mode. You would never, ever, scent him before you see him. No.88 from Czech & Speake (125 Fulham Road, London SW3, 10, Tunsgate, Guildford, Harrods, Selfridges and The Conran Shop, £36) is just the kind of classy, understated smell he likes.

■ He is Graphic Man. He lives in a penthouse in Docklands. He is out of his matt-black phase (so '90s) and his flat is now all cool, airy and white with lots of rattan and strangely curved wrought-iron. Comfort does not, it seems, come first. He eats at The Blueprint café, his glasses are scaled-down tortoiseshell - very National Health to look at, very un-National Health price tag. He is addicted to that "just-run-over-by-a-bus" look. He wears button-down shirts and no tie, baggy trousers and jackets that

are at least two sizes too big. He never goes anywhere without his state-of-the-art briefcase and his disposable pen. No contest - Romeo by Romeo Gigli, this year's "must have" designer fragrance. It is not just the bottle - smooth, cool, with its oh-so-original beer-bottle top opening - he actually likes the spicy, cinnamon smell. At £32.50 for 100 ml.

■ He is healthy and hearty and tanned. He works out every day and plays squash at weekends. He shops at Blazer, holidays in Greece (all those water sports), drops into his local pub on Friday nights and drives a Golf GTI. When it comes to girlfriends, he likes to have more than one on the go. Nothing too fragrant, too floral or too heavy for our sporty outdoor type. There are lots of brands aimed obviously at the sportsman - surprise him, give him Davidoff's Cool Water at £26 for 100 ml.

■ He is a bit of a young fogey. He wears his father's old Jermyn Street suits or he shops at Hackett where he goes for the newly-fashionable, fusty, tweedy look and comfortably hairy suits remind him that there are a few unchanging things in this uncertain world. He likes roast beef and Yorkshire pudding and comforting nosh that reminds him of school. He likes to eat at his club and is deeply convinced of the superiority of country life to town. His girlfriends wear sweet little shirts with frilled collars, long brushed cotton skirts, Alice bands and pumps. They are very, very nice, and so is he. As Hackett is his spiritual home (their store is at 137-138 Sloane Street, London SW1), you could always give him one of their straight classy potions. If you fancy a designer name, give him Aramis Classic and you cannot go wrong. (£30).

■ He is in his early fifties, he is your husband and you love him dearly. These days, he is looking a little tired and grey around the temples (even the most solid of professionals see fewer lines than solid these days) but, though he may never set the world alight, he is always there when you need him. For treats, he loves opera or an evening at the National and at weekends nothing better than a good book at his own fireside. A new name from a classic house should do him proud - Guerlain's Hédiage (£19.50 for a 50ml spray) is just the thing. Armani Homme or Givenchy Gentleman would suit him, too.

■ All the fragrances except for those from Czech & Speake, Floris, Geo F. Trumper and Penhaligon's are available from Harvey Nichols and other big department stores.

## A shopping expedition down the old Silk Road

The changing political complexion of Central Asia means the great bazaars are open to the outside world again. Charlotte Eagar reports on the bargains to be found

FOR 70 years, the People's Flag flew over the bazaars which lined the great Silk Road. When Marco Polo went to Xanadu, he travelled this shopaholic's highway, the ancient trade artery linking the mysterious East to the sack-clad barbarians of Europe. Strung along its miles of arid dust, like so many precious stones, were the desert oases where weary merchants refuelled.

Through these medieval Little Chofes - Bukhara, Khiva and Samarkand - passed the luxuries that corrupted Rome: silk and porcelain, melon and saffron, Persian carpets and Russian slaves.

Now the Red Flag flies at half-mast and the great bazaars of Central Asia are open for business once more; the Soviet straitjacket could not stamp out the central Asian's desire

to sell. Even in the museums, they sell you stuff; the curator can see you have an eye for culture, so he brings out a little something he brought from home which his great grandfather used to wear. Or are the exhibition cases looking a little empty?

A frenetic jumble of noise, colour and smell, the Samarkand bazaar hits Soviet-dulled senses like a 10-ton truck. Stall after stall is piled with lurid Tadjik silks, beach-striped cotton moiré and bales of corduroy, jostling old women sell hats, coats, shoes, tomato sauce, embroidered velvet jackets, car tyres, paisley scarves and garlic - an eclectic mess of local specialities and anything they can lay their hands on.

Dotted between their rickety trellises are men selling plates of steaming plov, the fried rice and vegetables speciality of

Central Asian, shashlik (kebabs) and piping hot onion pasties, cooked as you watch in a waist-high stone dome; fire at the bottom, the vendor bends in through a hole on the oven's flattened top and sticks the raw pasties to the inner wall like little bats.

Whatever your intentions in former Soviet Central Asia, it is impossible to escape the shopping frenzy. Everything is so cheap. Silks in a myriad of reds, yellows, greens and pink sell for 160 roubles a metre.

Why not buy 50? What matter if you do not know what to do with it, you will never buy silk for that price again - at around 350 roubles to the dollar, it works out at about 30 pence a metre. Anyway, the silk looks great as curtains.

In the Khivan Karavanseral, a state department store located with rare taste in an ancient inn, Uzbek pottery sells at 30 roubles a plate; bowls, vases, butter dishes, teapots, sheets, pillows, mattresses, towels - you could furnish a whole house.

Plus, of course, the ubiquitous yards of silk. Peter Jones is never knowingly undersold but they have not heard about Khiva. Beneath every honey-coloured dome, wizened old men in white embroidered, black silk skull-caps and striped, padded coats sit and talk. In Bukhara, the coats cost around 500 roubles. An English photographer bought six - a dressing gown for every member of his family.

Central Asia has this effect, people stop shopping rationally and start just buying. It is similar to an American supermarket race, except there is no time limit and you can come back anytime.

For serious shoppers with real money, carpets are the greatest pull of Central Asia; every Sunday is carpet day. Early in the morning in Ashka-

bad, the rug bazaar gets going. The ruby sheen of the Turkmen carpets transcend their hideous setting, a large concrete car park on the outskirts of town fenced off from the desert by strands of chicken wire.

Here you can buy carpets from Bukhara, from Baku, old carpets, new carpets, silk, wool and cotton. Crouched in the dust, carpet addicts count the knots on the carpet back. At \$100 or so a throw, these carpets are not ridiculously cheap,

*'For shoppers with real money, carpets are the greatest pull'*

but they are still a fraction of the price in the west.

Carpets are big business in Central Asia. In the lobby of the Hotel Samarkand, an Afghan carpet manufacturer grabs the Intourist group as they while away the time between guided tours. His carpets are nearly double the cost of the bazaars but they are clean, it is inside and he sells all week long.

Sitting out the fighting in the Hotel Tadjikistan in Dushanbe, his cousin waits in the hope the chorus of visitors will return. Dushanbe is not shopped-out but, despite the inconveniences, it has its rewards.

The origin of the striped silk, Tadjikistan offers the widest choice of colours; the locals make really interesting felt rugs which you cannot find anywhere else; or you can wrestle with your conscience about buying old jewellery from refugees (well, he says he needs the money to emigrate).

One problem: if you are going to shop in Tadjikistan, shop there first. Neurotically

obsessed with gun-running, Uzbek customs will not allow vehicles over the border, and shoppers have to get out and walk.

Hauling 50 metres of silk, 24 Khivan plates, six Kirid hats, two Uzbek coats, a butter dish and a carpet over half a mile of No Man's Land under a Central Asian sun could be avoided with a little careful forward planning.

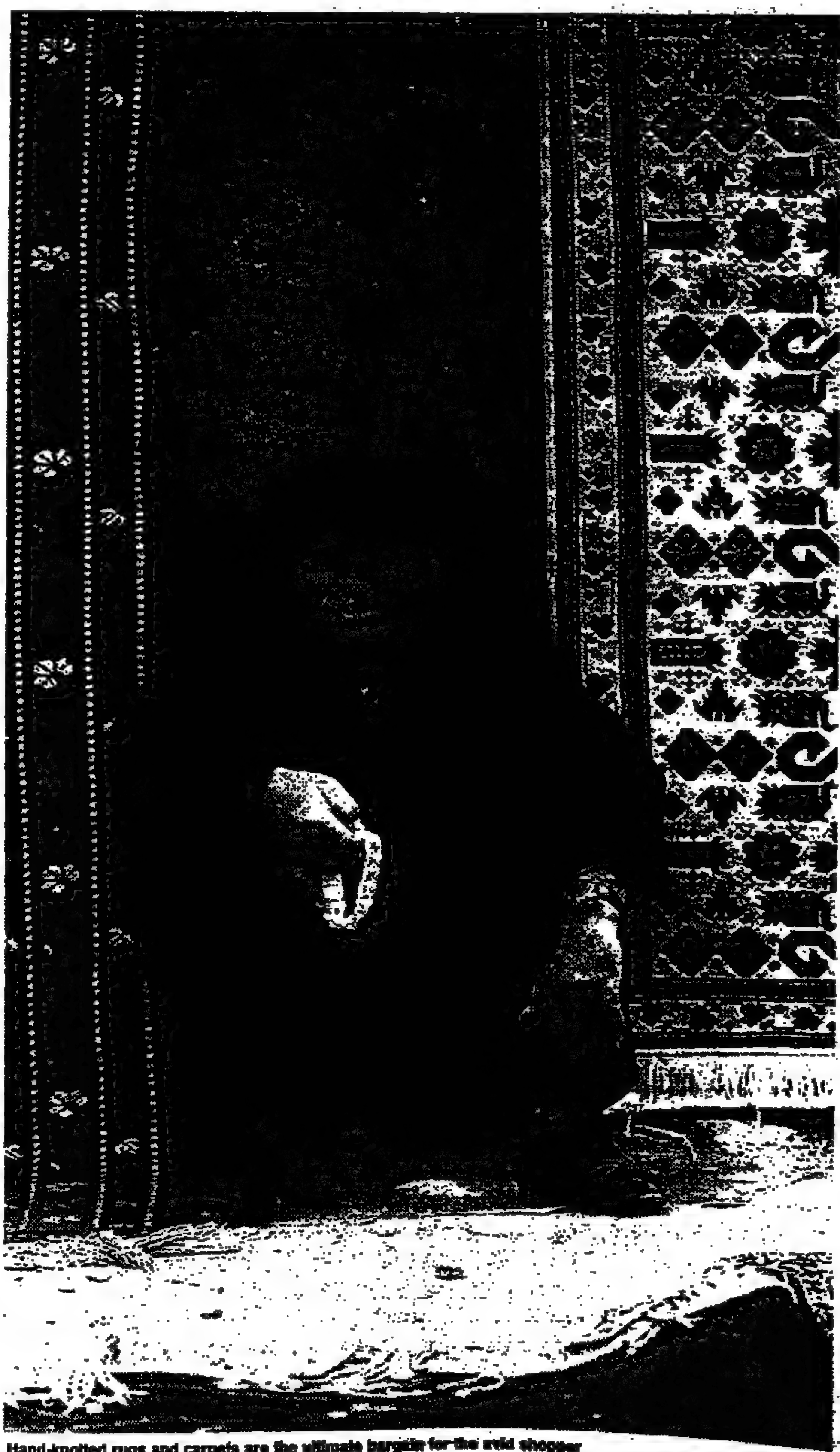
Sadly, the bazaars of Samarkand, Khiva and Bukhara are inside Uzbekistan. One of the last great bastions of communism, Uzbekistan takes its visas awfully seriously although the other Central Asian republics have relaxed their rules. However, they love tourists. You need visas for every town you want to visit but you can pick them up at Tashkent airport without great difficulty.

Central Asia is the shoppers' paradise. The only problems are getting in and out. Aeroflot flies to all major cities, except Dushanbe, where flights are cancelled until further notice. Aeroflot is cheap if you can pay roubles (either a local, or a journalist or student accredited in the CIS) but if not, you have to pay in dollars.

Even so, it costs only a few hundred dollars to Tashkent, the capital of Uzbekistan. The really cheap ride is the train. It costs about 1,500 roubles from Moscow, unfortunately the journey takes five days. Alternatively, you can fly Afghan Air from Kabul for \$125.

Aeroflot has a maximum baggage allowance of 20 kilos, but nobody cares how much you carry on to the plane; most CIS citizens travel with at least two sacks of potatoes.

If the shopping frenzy takes too strong a hold and you buy so much you can not lift it, then for \$3,000 you can buy a Niva, a brand new Soviet jeep. Load it up, point it west and drive the whole lot home.



Hand-knotted rugs and carpets are the ultimate bargain for the avid shopper

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## FASHION

## Undercover guide on what to buy her

**W**HAT should a man give to show his love and win a smile of intimate complicity? A slip of silk, trimmed exquisitely with lace, or a wig of bedtime chiffon for that only he should see? Maybe, gentlemen. But romantic fantasies aside, what she would choose herself is often far less adventurous. The large volume of unwanted lingerie which is returned to the shops in January shows that seduction is often far from a woman's mind when she chooses items for herself.

The nightdress she buys must withstand the washing machine and be decent enough for the milkman to see. And underwear? What she really wants is something crisp, comfortable and practical - like her man's Y-fronts.

New York designer Calvin Klein recognised this plain truth years ago and promptly converted his range of austere, white or grey interlock men's underwear to a womanly form, raising a retailing storm.

Now that even top couture houses such as Chanel are putting women's Y-fronts on the catwalk, this is obviously not a trend to be trifled with. The original makers of the men's version, Jockey, have just introduced a women's range and see their brand name, emblazoned on the outside, as a positive selling point to women.

It suggests, they reason, those qualities of comfort and support which have long made the brand popular with men and which are exactly the reasons why women would choose them, too. The women's Jockey briefs and top (not a bra, but with a supporting under-bust elastic trim) look more like exercise wear, in the tradition of the sports bra pioneered by Berlei and Triumph.

They may fulfil the female wish - for underwear so supremely comfortable that the wearer is barely conscious of it, but it would take a brave man to buy them as a Christmas present.

But rather than risk misinterpretation by today's super-sensitive males and discord under the Christmas tree, women would probably prefer to be given something equally practical but prettier, not to say romantic.

Here it is a matter of a little gentle education for the chaps, for whom the words "pretty" and "romantic" have somewhat different connotations. It may be wise for present-buyers to steer away from the red, black, transparent and lacy which the words may conjure up in the minds of menfolk.

A woman's choice would invariably be fine silk or fresh

cotton with trimmings and lace soft enough not to appear knobbly under close-fitting clothes, and in white or pastels.

In recent years, many stores have introduced lingerie evenings for male customers, where chaps who were once reduced to vaguely cupping their hands in the air and muttering "she's about this big" get a sympathetic hearing from helpful assistants in less embarrassing conditions.

Apart from tipping sales, the main aim of such evenings has been education and it seems to be paying off. "We don't get as many returns these days because the style is wrong," says Fenwick in London's Bond Street, "but they do sometimes mistake the size."

Triumph's chief consultant, Yvonne Small, agrees. "Men are much more clued up now. They ask their wife her size and often come in with a picture from a magazine of something they think she will like." She believes women's attitudes are also softening in these post-feminist days.

"There is so much advice these days on how to keep a relationship alive that they will wear glamorous but tasteful lingerie occasionally to add a little spice. And they might not admit it, but most women are flattered by being given something flippant and sexy."

The only problem, she says, is stockings. "All men like them but only younger women, who see them as something new, do." A survey carried out by Gallup for Lingerie

company, Ballet International, showed this was right. After interviewing 546 women and 508 men aged between 19 and 24 across the country, only nine per cent said they were going to buy stockings or would like to receive them.

Out of the one in three men buying their wives or girlfriends' lingerie this Christmas, only three per cent said they would be shopping for a basque - and only

two per cent of women said they would like to receive one.

The most popular lingerie gift mentioned in the survey was French knickers and matching camisole, with 18 per cent of women saying they would like to receive them and 10 per cent of men planning to buy a set.

Cotton lingerie is second in popularity, with figure-hugging body suits the third choice.

The survey also revealed that two in three men claim to know their partner's statistics - although only a quarter of the women said the last lingerie they received from their man was a perfect fit. But with today's less austere styles, sizing is not the problem it once was.

Harrods buyer Louise

Garner says: "We gently try and steer men uncertain about size towards something where it's not crucial, such as a camisole, teddy or nightie. As long as they have a fair idea of the right dress size, there is usually no problem."

There are, says Garner, two distinct types of male customer. "Some consult the recipient or may even bring her in to look around and then come back and buy. Others come in pre-Christmas for a surprise present and they really haven't a clue. We try and guide them, by asking questions about the woman to discover what she might like."

"But some are determined to choose what they want to see her in, which is usually bright or dark colours and invariably involves a suspender belt. We gently try and discourage that because neither we nor the customer wants the inconvenience of bringing it back later."

In a less rarefied sector of the market, at Knickerbox with its 57 high street shops, managing director Stephen Schaffer also admits that returns are a problem. "Our male customers appear to have a very definite view of what their partner should wear - whether she likes it or not," he says.

"They tend to choose stereotyped items such as French knickers or suspender belts, though if they consult our staff they discover that what women want and select for themselves are comfortable, practical, cotton and Lycra mixes that are attractive but not too fussy."

"Usually, our returns run at about nine per cent; after Christmas this shoots up to 15 per cent, invariably brought back by the female recipients."

Any men wanting last-minute guidance on buying lingerie could do worse than follow Knickerbox's advice: ignore scratchy red lace and bumpy black suspenders. Look instead for pure cotton or silk, plus Lycra for close-fitting stretch and Tactel for soft comfort.

Check that lace trims are soft to the touch (cotton-mix laces are best) and that details such as bows will not make awkward bumps under sweaters or clingy skirts.

Men could earn maximum Brownie points by choosing just about

anything from La Perla, the Rolls-Royce of lingerie which has a big new department in Harrods and can manage to make long-line, control panties look sexy, in silky stretch plus lots of lace, although they do cost £115. You could also earn points with a pretty, lace-trimmed, all-in-one body

**Avril Groom gives a brief guide to the type of lingerie women would really like to find in their festive stockings**

by far the best thing for keeping out the winter chill. For nightwear, the same principles apply. Women are generally happier with cosy pyjamas, soft flower-prints or nostalgic embroidered white cotton such as Damask's pretty range, than bright satin, split thigh-high. In winter, styles with sleeves are welcome, though low necks and fine shoulder straps are flattering.

But if all this sounds too worthy and unexciting, there is one area where male fantasies can be indulged with full female approval, and it is engineering rather than lingerie.

Every woman wants a Wonderbra, Gossard's best-selling design that remains unchanged since 1968 and is constructed to give even the smallest chest a cleavage.

It is the one design that women buy for themselves in black, which outsells white two to one.

The reason is that these days the Wonderbra is worn to be seen, Madonna-style, at clubs and parties throughout Europe. It goes fearlessly under low-buttoned jackets or see-through chiffon blouses because, though it produces a lacy cleavage, it is sturdily constructed and perfectly decent.

So popular has the Wonderbra become that it has inspired even Marks and Spencer, whose Christmas best-sellers include a lacy black bra and a black net body with built-in bra.

For some alternative undies: Bras: Triumph Amarillo cotton jersey and lace underwired in white, £12.99; Triumph Amourette soft white lace style, £13.99; Knickerbox Americano top-stitched cotton jersey in cream, £16.99; BHS flowered grey jersey and white lace longline, £8.99; Lejaby cotton-jersey underwired, lattice trim in white £29.95.

Bodies: Dim cotton jersey and lace underwired in white, £29.50; Marks and Spencer cream satin with wide straps, £16.99; Rosy stretch cream satin, wide straps, longline, £49; Triumph Amarillo soft lace and cotton jersey, underwired, £22.99.

On show: BHS black lace and jersey body, £14.99; Marks and Spencer black lace underwired bra, wide straps, £14.99; Marks and Spencer jersey and net body, built-in bra, £19.99; La Perla Marvel black jersey strapless body, moulded cups, maribou trim, £124.



Main picture: Cotton jersey and lace bra, £13.99, briefs, £5.99, from Knickerbox. Above: Her cotton nightdress by Damask, £55 from Fenwick, New Bond Street, W1, and Liberty, Regent Street, W1. For other stockists, phone 071-731-5470. In parcel: lace body by Aubade, £87 from Harrods, Knightsbridge, SW1. Hint: Vynella pyjamas, £87 from Fenwick. Below: Wonderbra by Gossard, £13.99, briefs, £5.99, from Harrods, Fenwick or Debenhams.

Bedlinen by Nimbus. Satin pillows by Cocoon. Gingham cushion by Damask. Hair and make-up by Roxanne New for Daniel Galvin, W1. Pictures by Colin Thomas.



Tactel/elastane body with lace trim by Embodiment, £23.95 from Fenwick or Miss Selfridge. For other stockists, phone 0476-65268. Earrings £9.95, Fenwick.





## TRAVEL

## Vienna: Sensuousness and coffee shops



One way to see Vienna, a city stamped with genuine cultural and artistic interest

HERE is something peculiar about walking through an old city in the dark, late at night. Go there in the daytime and the eye and ear are instantly claimed by the present — crowds, cars, clamour and movement keep the past concealed and at bay. Go there very late, however, and — like some great submarine beast emerging into emptiness and silence — history rises to the surface. In a city such as Vienna, the past sits at the end of every echoing street and catches the innocent wanderer unawares.

I arrived in Vienna late one evening and became lost the moment I set foot in it. Dropping my bags at my hotel, I began an exploratory stroll — usually a few left turns, right turns and a little intuition will lead one to a busy street, a crowded café. But my feet took me instead to a place of dark-windowed palaces and baroque boulevards where not a soul stirred.

Enraptured, I wandered along quiet passageways to empty courtyards, under covered arcades to deserted squares and promenades. I passed silent equestrian: bronze princes and emperors raised high in the dark on granite plinths. There were long stone stairways, columned porticoes, classical statuary, dim vistas of imperial architecture that receded into the distance.

Once, there was a clatter of hooves on cobblestones and a real horse went by, pulling a rumbling carriage containing a bowler-hatted horseman, a laughing woman in a long gown and a man in evening wear. Seconds later, there was nothing left but a lingering smell of cigar smoke. It was only a late-night tourist jaunt, but it made me feel that a long-dead past had infiltrated the city, spirited away its life and claimed it for its own.

By the time I found my way back to my hotel, I was feeling thoroughly spooked. Even here, I lost my way in vast chandelied reception rooms and miles of vacant, mirrored, *fin-de-siècle* corridors. Where were the people, the life, the sparkle that makes this one of the most engaging cities in Europe? I found my room, pulled the curtains against the intrusions of the past, and went to sleep.

In the morning, it all seemed dif-

ferent. This was no ghost-house but the Hotel Imperial, the most elegant establishment in Vienna, and from its windows I looked out on to a sunny, busy city, one of the great cultural capitals of Europe. On my way down to breakfast, the marble nudes on the staircase looked at me a little less coldly, the gilt-framed imperial portraits on the wall a little less sternly. The whole city exuded *gemütlichkeit*, that special brand of warmth, happiness and social ease for which Vienna is re-knowned.

My first destination was the great complex of imperial buildings I had wandered through the night before. No longer peopled solely by phantoms, the grim, grey Hofburg, the winter palace of the Habsburg emperors, was now enlivened by foreign visitors and weekenders Austrians, and I joined them.

wherever they go in Vienna. My impressions of the previous evening were, in the end, not so far wrong. History is a concentrated and invasive element in Vienna. For it is not just the city's history, but the history of much of Europe. It was from Vienna that 55m people, a score of widely varied races and cultures stretching from Spain to Transylvania, were administered. It was Vienna that some of the most accomplished figures of the age flocked. A city that looks backwards rather than forward, Vienna remains a repository of all these memories.

Nor is the Viennese past all one of enlightenment and gaiety. Reaction and intolerance were the less admirable hallmarks of Habsburg domination. From early times through to the heavy-handed, 68-year rule of Franz Joseph, a reign

in Vienna since retreating Turkish invaders left bags of coffee beans behind; much of the city seems to spend its life chatting, doing business, reading the papers and eating cream strudel in them. If I were Viennese, I would as well.

I spent numerous afternoons trying different coffee shops. My favourite? I liked the Café Landmann, a spot preferred by politicians and writers, for its intellectual flavour. But in the end, I would plump for Demel, a place inhabited by sensualists and middle-aged gourmands, for the favour of its plum cake. Demel makes the best pastries in Vienna, if not all Europe.

But the Austrian capital, in the end, is not baroque palaces, highly schooled horses, art collections, café society or pastries. Its heart is its live arts, its evenings of music by the composers — Mozart, Haydn, Beethoven, Schubert, Strauss — who lived in Vienna and made it a musical byword.

I did not know that I liked opera before; it seemed too much like work. But I got myself into evening dress anyway, and sat in a box at the State Opera for a performance of Mozart's *Abduction from the Seraglio*. It was as sensuous as Demel's plum cake.

Nicholas Woodworth was a guest of the Hotel Imperial, Kärntner Ring 16, A-1015 (Vienna tel: 222-501100; London bookings: 071-930-1147). The Imperial offers weekend packages, based on double occupancy, at £187 per person.

Information on short breaks in Vienna can be had from the Austrian National Tourist Board, 30 St George St, London W1R 0AL (071-629-0461). Other numbers: City Travel Scene, for economy weekend packages (081-427-4445); Austria Direct, for hotel reservations (0702-547530); Austria On Line, for theatre and opera bookings (0345-581125).

Launched last month was new specialist operator Austrian Travel Service, under the same management as sister company Swiss Travel Service. Prices start from £249 per person for a one-week farmhouse or guesthouse holiday in the Arlberg region. At the top end, there is a new Danube cruise from Vienna (four countries, seven nights) starting at £610. Tel: 0920-487575.

## Love of socialising and the arts make the Austrian capital an outstanding city, says Nicholas Woodworth

It is difficult to pack 640 years of Habsburg rule into a single morning, and I did not try. Of the 2,000 rooms in the Hofburg, I visited only a few. I toured two dozen sumptuous state rooms and private apartments last lived in by Emperor Franz Joseph and his Empress Elizabeth.

I looked at Belgian tapestries, Bohemian crystal and countless baroque decorative flourishes. In the treasury, I gazed at the 1,000-year-old crown of the Holy Roman Empire, and, in the chapel, at the stalls from which the Vienna Boys' Choir performs every Sunday.

Best of all, I spent an hour or so in the ballroom atmosphere of the Spanish Riding School, watching a morning training session of the Lipizzan stallions. Here, under the tutelage of elegant riders in cocked hats and tails, the dappled grey Lipizzans execute dressage exercises of astounding precision and beauty.

Anyone looking for the stylisation and formality generated by the Austro-Hungarian empire will find it, pushed to its limits, in these horses. But they will also find remnants of empire, in less extreme form,

that ended only with the first world war and the dismemberment of empire. Products of a long, intense and sometimes tragic history, the Viennese today remain obsessed with their past.

One consequence of this has been the maintenance of a highly conservative Viennese society, the leftover of a political order long gone. Stratified and hierarchical, easily impressed by titles and rank, Vienna lacks the liberal, cosmopolitan atmosphere found in most European capitals. In its place, this tightly-knit, status-conscious city puts great value on *cliquish* sociability and gregariousness.

If Vienna's history has left it with a parochial outlook, it has also stamped it with a genuine cultural and artistic interest not found in other capitals.

If morning is the time to visit one of an astonishing number of palaces and museums, the afternoon is a good moment to begin watching Vienna society at play. The popular eating houses known as *beisl* and *heurige*, or wine taverns, are both much favoured meeting places. But coffee houses have been institutions

## An encounter with the Sakuddai

WE HAD been walking three hours since leaving Matontoman before we stopped to eat. We were entering a labyrinth of steep hills and ridges obscured by the primary rainforest that covers the centre of Siberut Island, off Sumatra, in Indonesia. My dependence on Mang and Syolok, my guide and his helper, was now almost total.

I was chewing on sago and the last of our dried fish when I noticed a leech humping up my trouser leg. It was the first I had seen, and rather disappointing — nothing like the creature that spooked Bogart in *The African Queen*. It was small, thin (as yet) and brown as the mud. Dissatisfied, I finished my mid-morning snack before I took out my lighter.

Our plan was to cross the island by foot and dugout canoe, walk down the west coast a stretch, go up one river, down another and return to Muara Siberut by powered canoe round the southern cape. In between, we would stay with two clans which still lived in traditional long-houses, the Sakuddai and the Sabalekak. A 14-day trek, all told, and on the third day we crossed the east-west watershed and entered the territory of the Sakuddai.

It took us nine hours to walk from Matontoman to the closest Sakuddai foraging house. We were greeted by an old crane, her sunken breasts bared, showing extensive tattooing. She had been looking after the children



world, whose influence, however, is spreading rapidly along the coasts and navigable rivers. They are remarkably open and gentle people. When the others returned, I was interviewed by Aman Duman Kirei,

the clan's *sakurai*. It was a music hall act which made everyone laugh. "Aloulou, I said. "What?" he said, three times. He had come over all deaf. "What's your name?" he asked. "What? Never mind. I've got a new one for you: Toroi Kirei, the king of sightseers. So when I say 'Toroi Kirei', you say 'Oi'." "Toroi Kirei," he said. "Oi," I said. "What?" he said, three times.

Supper was brought to us on large metal trays and we ate communally by the light of oil lamps made from old mackerel tins. The meal was a monkey that had been killed with poisoned arrows. I thought it was tough pork, till I asked. With it came sago, boiled bananas, grated coconut and the water the monkey had been cooked in. Afterwards, we bedded down on the porch's bamboo floor, open to the night air and the call of bilou monkeys at dawn.

Next day, we moved downstream to the clan's long-house, built within the last year (without nails) and proof of the strength of tradition for the Sakuddai. It was 35 metres long, 15m wide and 10m high. It was raised more than 1m off the ground on thick trunks, and the eaves of its thatched roof sloped down almost to the level of the platform.

The Sakuddai are justifiably proud of their homes. I was invited to stay a week, a month, a year. It was even suggested that I marry into the family, but I left two days later. Aman Duman Kirei had tears in his eyes as

he said goodbye. It took us another three days to reach the Sabalekak's long-house. Although this clan lives in much the same way as the Sakuddai, they have had more contact with the modern world. Their hair is cut short, as per local regulations, and the young are not being tattooed any more. Moreover, they are used to money. Trading in scented wood has made them rich.

They spend the money on chain-saws and outboards — watches, even, though they never consult them. Yet they would not pay to send the wife of the headman to the hospital in Tali-leo. She had had abdominal pains for two weeks when I arrived and an anti-mist healing ceremony took place while I was there. Leaves were selected from the jungle for their spiritual qualities and ground to a paste with which to anoint the invalid's body. There were incantations and muttered spells. One of the participants wore a crucifix.

The government's policy of resettling clans into permanent villages and re-educating them puts intense pressure on local resources and removes traditional checks on exploitation. The government has also sold timber concessions covering the whole of Siberut and plans to settle 7,000 of Java's poor on the island within the next two years. Perhaps the Sakuddai built their long-house so large because they believe it will be their last.

Sebastian Hope

Practical Traveller/Angela Wigglesworth

## How to pick and choose a Kiwi trek

WALKERS in New Zealand are spoiled for choice. The country is crisscrossed with over 40 well-marked tracks and there are more than 1,000 mountain huts, four to five hours' walk apart, for overnight stops. The variety of landscape is remarkable: in one day you can walk through forests with great fern trees, up mountains with peaks still covered in summer snow, alongside lakes, rivers and waterfalls. If you are lucky, you will see birds such as the fearless and inquisitive kea or the flightless weka.

Which tramp — as New Zealanders call it — to choose? It is a question of assessing your own walking ability, finding a trek to match, and deciding whether to go independently or with a guide. Independent walkers carry their own food,

cooking utensils and sleeping bags and sleep in huts which have bunks, mattresses, water supply, pit toilets and cooking facilities. Treks on major routes must be pre-booked even for independent walkers. Hut fees range from NZ\$4 to NZ\$14 a night depending on category, but 350 are free.

Guided walks are for those who do not want to be loaded down with food and equipment or do their own cooking. These overnight huts are equipped with hot showers, drying room, duvets, towels and hairdryers. Pack, bedsheet, waterproof parka and trousers are usually supplied free.

Most of the well-known treks are on South Island. Some 8,000 people walk the spectacular Milford track every year, underpinned by its average annual five and a half metres of rain. But numbers are regulated, with only 40 independent and

42 guided trekkers allowed to set off each day from Lake Anau (you start and finish by boat) to walk deep into Fiordland National Park to Milford Sound. The price (excluding flights) for a guided trek, including two nights' resort

Southern Alps in Fiordland and Mount Aspiring National Parks, climbing to 1,277m. The price is NZ\$372.

The Greenstone Valley, a gentle walk along an ancient Maori trail, follows the Greenstone river through beech forest. The price is NZ\$670. Less populated, but no less beautiful, are the Ross-Dart (four-day round trip) and the Hollyford (four-day days) with trout fishing, seal and penguin colonies en route.

In the far north of South Island is the Abel Tasman coastal track. Open all year, suitable for the less experienced. The price is NZ\$250. Less populated, but no less beautiful, are the Ross-Dart (four-day round trip) and the Hollyford (four-day days) with trout fishing, seal and penguin colonies en route.

accommodation, is NZ\$1,299. Sir Edmund Hillary has called the Routeburn and Greenstone Valley treks "two of the most superb walking areas in the world". Both are three- or four-day, Queenstown-to-Queenstown treks. The Routeburn (rainforests, waterfalls, lakes, alpine meadows full of flowers) crosses the

ence, it is a trek beside the sea, with sandy beaches and forested hills. The concession is held by the Wilson family who have a five-generation association with the national park, restrict their relaxed guided tours to 16 people, and have accommodation in a beach-side lodge. The price is NZ\$645.

Independent walkers using huts or camping areas need a pass which costs NZ\$4 a night from the department of conservation, Nelson. New Zealand's highest guided trek, Ball Pass, in Mt Cook National Park, is a magnificent two-three-day alpine crossing linking the Tasman and Hooker valleys through snow-fields. Price, depending on size of group and number of days, is NZ\$275 to NZ\$580.

For detailed information about trekking, contact the New Zealand Tourism Board

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## OUTDOORS

## Gardening

## Euro-sceptics to the core

**A**MAZINGLY, six years have slipped by since Julian and Veronica Sloane Wally first made their move from not-so-old rectory in Sussex.

There have been happy Christmases meanwhile, but a cloud is hanging over this one. Like most of this year's problems it traces back to Europe.

The truth is that, by different routes, the Sloane Wallys are confirmed Euro-sceptics. In Julian's case, scepticism is too weak a word for it. He still believes in the Special Relationship across the Atlantic and this year, he proved the value of his convictions by buying the dollar heavily in July.

It is not just that he mistrusts Europe's combination of Opus Dei, the Mafia and New Germany: he hates the annual batch of petty Brussels legislation and the eternal hypocrisy about class.

Everybody blames Britain for its class system, but the worst snobs are to be found in Europe, even though most of their titles were only dished out by Napoleon: this year Brussels has also excelled itself by impugning on Julian's favourite pastime.

Shooting has always run in his family, but he is now being asked to take seriously a semi-federal Europe which has recently legislated to protect magpies and is about to require a qualified vet to be present within an hour of the killing of any bird or animal which is later to be sold to the game or poultry market.

The prospect of sodden vets standing by Sussex gamecars in order to conduct post mortems on each pheasant killed by Julian's friends on Boxing Day seems only slightly less absurd than declaring one of the worst predators in nature

to be an endangered European asset.

Until this summer, Veronica has been less dogmatic. Admittedly, the social wage would make nonsense of her deal with her Sussex daily woman but, in today's world, might it not be better to hang together, save Germany from the Germans and export post-Sloane style to the French who have always been mad about pearls and proper jerseys?

Or so she thought, until Julian took her in late June to the equivalent of France's Game Fair beside the great château of

*The Sloane Wallys have suffered a culture shock, says Robin Lane-Fox*

Chambour, on the way back from the gardens at Villandry, where the mass bedding out of ornamental cabbage had solved one of the Sloane Wallys problems for next year's new paddock border.

At first, the French idea of a game fair seemed rather fun. It was amusing to see what ritual the French made of killing things and to walk past stands with titles such as *La Passion des couteaux*. It was even funnier to discover an association which was exhibiting dead foxes, stuffed and fitted for slinging over the shoulder, for anyone who might have joined in the chase but felt cheated at having to go home without any trophy to show to the family.

Veronica thought of ordering half a dozen for Sussex friends who hunt with the Crawley and Horsham, on the grounds that it is years since they last killed a fox in the open, but a

nearby stand brought her up with a bump.

At first sight, it looked very touching. Beneath a thatched roof, on a bed of straw, the French attendants had set out a family of badgers, stuffed, scrubbed to a chic black and white and shown in relaxed family mood. In one corner, a mother was snuffling, in the other, father was reviewing a litter of seven bright-eyed cubs, several of whom were engaged in acts of community care.

It looked so like a nativity crib that Veronica thought at first of ordering one for the front hall at Christmas, when a Frenchman thrust a leaflet into her hand and asked if she wished to sign up as a *chasseuse de blaireau* "at the adjacent tent".

Beside the straw crib demonstrators were showing a range of truly fearful instruments: tongs to catch a blaireau by the snout, spikes with which to extract it from the sett, long-handled spades with which to dig for a victim and a reverse attachment for coshing the head of Monsieur le Blaireau if he was found *chez soi*. Even worse, photographs of this foul sport were plastered all over the tent and the equivalent of a French field sports member was keenly enlisting names and distributing catalogues. The equipment made the anti's version of the Quorn hunt on video look like an episode from the *Flopie* Bunnies.

Julian was not in the least surprised, as Europeans had always struck him as totally unsporting and unsafe in the field, ever since he found two Spaniards out shooting with his syndicate. They had brought large sheets of metal and fixed them into the ground on either side of their stand, to protect



themselves when they shot too low down the line during drives. Veronica's sympathies were rudely shaken: if this is Europe's idea of sport, how could someone who was Green from her head to her wellingtons have anything to do with it?

This week, these old fears from the summer have resurfaced. After his coup with the dollar, Julian has been shopping across the Atlantic for his special presents this Christmas.

A Sloane Wally can never say no to a gadget. In New York, he was given a copy of the *All American*

Garden Supply Company whose goods looked irresistible. He was tempted by the Cadillac of Composters, electronically powered for a basic \$39; there are Handy Totes with a Hundred Uses, Aerator Sandals which spike the lawn as you walk on it and two utterly irresistible tools of choice.

One is a steel-plated Sod Corer with which, apparently, you can "core the sods" which otherwise resist you: Julian decided it would be just the job for Veronica who is now sitting on the planning committee of the East Sussex Council.

He has also ordered two machine-powered Bulb Planters with an auger which will kit into a handyman's drill and bore holes a foot deep for daffodils while a rounded shaft prevents kickback. Bulb planting is the great chore of the Sloane Wallys' autumn, but next year, they will core sods and test-drill for narcissi even if the ground is as hard as bricks.

Yesterday, the Americans delivered promptly, but, unfortunately, Veronica took receipt of the parcels. Wrapped in orange polythene, their contours seemed uncomfortably familiar.

There was no post mark, but the sod-corer and the bulb-borer look worryingly similar to the very tools which the blaireau boys were trying to sell to Julian at Chambour this summer. Has he really had the nerve to buy them?

If he has gone and made her a member of the French Society for Badger Digging, he will have to find someone else to cook his Christmas farm-fresh bronze turkey. The gadgets, meanwhile, are brooding in the stair-cupboard, items in a culture-clash, America or Europe, which has affected even a Sloane Wally's outlook in 1992.

## Skiing

## Leadville — living on a legend

Christmas Eve, 1881. Leadville, Colorado.

"WITH HUGE spruce logs crackling in the fire, the scene presented on this eve of the gladsome Christmas is far from despairing. Carroll, worn out from the day's work, is asleep in his bunk, doubtless dreaming of the yule log and mistletoe, and fat stockings and plum pudding. Summers and Temple are enjoying a game of cards called 'hunky-punky' over there by the fire, and I am not so sure but that their thoughts also are far away, mingling unconsciously with those of loved ones in distant New England homes."

Albert Morrison, a young prospector started this letter to his impoverished mother and fiancée, Charlotte, in New York State.

"As tomorrow will be Christmas Day," he wrote, "I will have plenty of time to complete this letter..."

But the letter never was finished. At one minute after midnight, the shack shared by four prospectors was enveloped by a snow-slide leaving the men frozen as in a tableau of life, with Albert's hand still holding his pen. The scene later described by a rescue party provided an enduring myth for the highest skiing town in the US.

Some 101 years later, it is a freezing night in Leadville — sometimes known as the "city in the clouds". Ski lift operators from the local resort of Ski Cooper and further afield at Copper Mountain, Breckenridge and Keystone have returned to their homes for the night. The ornate, relic-filled and slightly kitsch Silver Dollar Saloon has emptied on to a street corner. And Attorney Neil V. Reynolds, the local judge, puts his Holmesian pipe down and picks up a microphone.

"Ladies and gentlemen," he announces. "We have just heard that Santa Claus has arrived in Leadville!"

There are cheers from a smallish crowd of children and parents who have assembled on the sidewalk outside the white courthouse — all exhalant dragon's breath as the temperature dives in the town which is perched at 10,150 ft beneath Colorado's highest peaks: Mount Elbert and Mount Massive.

Leadville's Christmas tree — a mere 12ft high — is about to be illuminated.

There is a NASA-style countdown to the big moment. "Five-four-three-two-one-ZERO!" It is a small flicker for mankind as a score of tiny — almost pathetic — fairy lights are switched on. The little tree does not exactly light up the sky. But it is symbolic of a special town. A town that has twice been left for dead. And twice refused to die.

Leadville — past residents included Jesse James, Doc Holliday and Wyatt Earp — is one of Colorado's oldest mining centres. In 1893,

when along with other old mining towns which were later to become famous ski resorts, such as Aspen, Telluride, Crested Butte, Breckenridge, Park City and Alta, Leadville had its heart torn out by a government decision to end the silver standard. The boom years of silver were over.

Christmases in Leadville became bleak: if they were lucky, children received an orange, a stocking full of candy, a brief chat with Santa Claus and a visit to the Dreamland or Empire Theatre to see the latest film.

While Breckenridge became an official ghost town, with a popula-

*Arnold Wilson visits an old mining town which is finding new ways to survive*

tion of just seven, and the other mining towns struggled for survival, the mining community at Leadville picked themselves up and started again with a different quarry: molybdenum, used as a strengthening agent in steels. Molybdenum was certainly a strengthening agent for Leadville. The town thrived again, until almost exactly a century after the silver crash, competition from Russia and South Africa, where molybdenum could be produced more cheaply, brought the town's second mining era to a close.

Today there are still working mines dotted around Colorado, but unlike the good old bad old days, they are now run by small groups of amateurs, or so highly mechanised that they no longer provide much employment for Leadville's close-knit, hardy populace.

What makes Leadville tick and survive today is skiing in winter — and tourism in summer. Ski Cooper is a fairly small, hillbilly ski area seven miles from Leadville. At Chicago Ridge, there is some excellent snowcat skiing on runs such as Leaning Tree Drop-off, Heavenly Traverse, Tree Shots, Middle Earth and Buckeye Trees.

Richard "Rocket" Matthews drives the cat and Stu Schaefer guides (they exchange roles from time to time). The resort, where troops of Colorado's celebrated 10th Mountain Division trained during the war, is ideal for families with its moderately gentle terrain. Apart from weekends, the trails are empty. So with the once-celebrated mines in California Gulch long since fallen silent, there are few options for those seeking employment. One is working in the resorts of Copper, Breckenridge, Keystone and Arapahoe Basin.

There is a housing shortage in

those resorts which brings pressure to live out of town. Leadville, where housing is much cheaper since the mining boom went bust, is an obvious choice. So daily, mountain staff have to make the cold and sometimes dangerous journey to and from work. Sometimes the road is blocked by snow. But however hazardous such commuting may be, nothing compares with the regular tragedies experienced down the mines. In one seven-month period during May, 1880, 26 miners were killed and almost 50 seriously injured in accidents.

Of these 82 per cent were "shaft-related", 26 per cent were caused by mishandled or faulty explosives, four per cent by cave-ins and rock-falls, four per cent by fumes, fire and suffocation and a final four per cent by drowning or crushing. But the death of Albert Morrison and his friends was perhaps the saddest.

Santa Claus arrives in Leadville this month in a glistening, new fire engine on which is inscribed: "Leadville and Lake County Fire & Rescue". Under the red costume and white beard is Jim O'Neill, who is 75 and has been playing the role for decades. Like almost every other elderly man in Leadville, he used to work at a local mine.

"Now give a big welcome to Santa Claus," says Judge Reynolds.

Leadville is still searching for its role in the 21st century. With such resilient folk, Leadville will probably get by for the time being with skiing and tourism. But if you ask Reynolds what the citizens of Leadville will do in the long term, now that the mining era is over, he says: "We haven't decided yet."



Skiing — Leadville's hope for the future



Leadville: searching for a role

As they say in Europe...

## Fear of towels on deckchairs

**T**HERE would be no traditional English Christmas were it not for the Germans. Prince Albert has a lot to answer for by smuggling in trees, cards and carols in his baggage.

The English still live too much in the shadow of the *Tannenbaum*, a tree strewn with goodies but also a dark conifer that sheds sinister needles to prick the English into spasms of hostility.

Germany is either an object lesson or a series of highly charged negative symbols. That latter cross is one that Germans have to bear universally. In Britain, though, the Germans attract uncritical admiration, even for their stupidities.

Thus subsidies for British coalmines, which may or may not be rational, are justified by the colossal sums that the Germans waste in similar projects. Germany can throw billions away on a not very good railway system and this is used to berate Whitehall's attitude to British Rail.

Germans study British Rail to see how to run a reasonably economical system. Germany can spend twice as much per head as Britain on its health service and land up with results that are often inferior.

So it is that Germany appears in British eyes as a kind of Manichean conflict within itself. Good and evil fight it out between Rhine and Oder. And that disturbs the Germans: they are regularly infuriated not just by the references to jackboots and swastikas but note also the British view that every deckchair in every resort from Benidorm to Barbados is covered by a German towel by 8am.

Even the London correspondent of the *Frankfurter Allgemeine Zeitung*, Bernhard Heimrich, could not forbear to mention this curious belief when he gave his readers an long account of British attitudes at about the time of the Queen's state visit in October.

He was more intrigued by the number of people in British public life who wrote novels and the dominance of German themes in historical fantasies.

Not only was there Len Deighton's *SS-GB* and Robert Harris' *Fatherland* but also the 1986 novel by the noted parliamentary Euro-rebel Michael Spicer — *Prime Minister Spy*. In this work, the inhabitant of No 10, Rupert Higginson, turns out to be the bastard son of Adolf Hitler and a vegetarian cook — "conceived in a moment of non-culinary pleasures of the flesh in the Führerbunker", apostrophised Heimrich delicately.

His piece was called *Angst auf dem Sandbank*, a reference to Erskine Childers' *The Riddle of the Sands*, which was published in 1903.

(Just one of the many works of this type which have never been published in Germany.) Heimrich noted — this was in October — that:

"The British *Teuton-genre*, whose *leitmotiv* was freshened up in the latest strife [with the Bundesbank] by the shrill colours of the prole-press, is older than Hitler's war, even older than the first war."

Now, since this was for a German audience, a considerable psycho-analytical insight was needed. When Childers wrote his book, "Freud's free association method was scarcely ten years old, but 'sands' is really the most striking word the author and his readers could have come across."

It expresses the inimitably British mixture of security and threat: the self-confidence of an island nation which is protected by the sea, and which simultaneously feels vulnerable to seaborne attack and coastal erosion."

The conclusion is that in this type of book the British are not really concerned about the past or historical might-have-beens.

In Heimrich's eyes, the obsessional nature of the

*James Morgan considers Anglo-German attitudes*

relationship with the German threat represents fear of the future and of the truth.

For example, the information released last summer about the flight of Hitler's deputy, Rudolf Hess, to Britain in 1942 sparked speculation in Britain about there having been some double game between London and Berlin.

This episode parallels French concern about collaboration under the Vichy regime. But of course, notes Heimrich, in Britain the truth will not be known until well into the next millennium because of governmental secrecy.

The next item for legitimate speculation is why the Germans are so concerned about the curiosities of their image in British eyes. It is not just that it hurts. I am firmly of the belief that the analysis of the role of the British "Teuton Myth" in forming the contemporary German psycho-syndrome could provide the subject matter for another productive essay.

But it will not come from my pen. There was, however, an odd illustration of Anglo-German attitudes at the Edinburgh Summit. A German TV correspondent asked his British technician to save him a chair.

"You'd better put a towel over it," said the Brit.

The German understood immediately.

"I don't have one here."

"I'll give you one for Christmas."

James Morgan is diplomatic correspondent of the BBC World Service.



## STATE OF THE ART

## The verbiage of creativity that is . . .

## Words, words, words!

FOR AS LONG as anybody can remember, buzz-words have cropped up in art-critical chat and then, sooner rather than later, faded ineffectually away. Remember "plastic", from Goethe to Ruskin - or in musical commentaries "serialist", from the original Schoenberg school until the time when the composer Berio remarked candidly, "You can 'serialise' anything!"

Since ours is not a time of consistent, well-defined fashions or methods in the creative arts, the critical buzz-words are prudently high-level: *structuralist* or *post-structuralist*, *modernist* and *post-modernist* and *deconstructionist*. Those terms are not much of any kind of muchness, for they have been hijacked from quite different areas of discourse. Even in their original homes, they were never sharply defined. But at the outset, certainly, the first two and the last named *critical* methods or stances, especially in Lit.Crit: whereas the other pair came into current play as labels for *artistic* inspired by special artistic persuasions (usually combative), much like "pre-Raphaelite" or "Parnassian".

In the current buzz-words pertaining to the arts, 'post-modernist' could well be classed as jokey, backward looking or - amazingly - just plain original, says David Murray

When the anthropologist Claude Lévi-Strauss began to discern plausible deep "structures" in human conduct, too (though of quite different kinds, to some sceptical eyes) "structuralist" analysis became a vogue. The idea was that there were real hidden structures in human beings that could be illuminatingly winkled out, through close observation, and described. And if in communal language and social practices, surely also - more idiosyncratic, of course, and more defensively concealed - in novels, plays, poems, films?

What a "structuralist" novel or play might be, however, is anybody's guess, but every art-work is supposed to embody unadmitted structures. Some critics use the word as if it were synonymous with the old-fashioned "formalist" (damaging in Stalinist times), something like "too consciously concerned with formal proportions and markers"; or again, to report telltale echoes of the infinitely self-aware, ironical *littérateur* Roland Barthes, or of the "structuralist" psychoanalyst Jacques Lacan's sweeping presumptions.

"Post-structuralist" is easier, at least on the critical side. The post-

structuralist French critics were the ones who suspected that all those grand, hidden "structures" in talk, life and literature were generated merely by the structuralists' rhetoric itself. Jacques Derrida has led the attack by subjecting structuralist metaphors and rhetorical tropes to reductive analysis: "deconstructing" their metaphysical constructions, exposing their self-justifying formulas. On his procedure any text, whether expressly "creative" or just critical, is to be read - never interpreted! - purely through its own literal terms, treated as hermetic.

Any supposed authorial intentions are irrelevant (authors are notoriously bad witnesses for those), and so is any assumed historical or social context. A text is just an *écrit* but it can display a unique *écriture* - suggestive fingerprints, ways of putting things, a betraying concern with certain kinds of detail - which may reward examination (i.e. prompt some new texts, subject to all the same reservations).

Nonetheless it is its own sole witness, and it is never really "about"

anything else at all. Once more, we know how *deconstructionist* analysis will look like, but not a "deconstructionist" art-work. Again a provocative term has done a sideslip: a work of fiction that deliberately flaunts its scaffolding, or a visual piece with a knowing commentary attached, may now be called "deconstructionist" - though such devices go back a long way before structuralism or deconstructionism.

Initially "modernism" and "post-modernism" were more straightforward, at least (and maybe at most) as terms for postwar British architectural aspirations. A Modernist architect hereabouts is austere, concerned with self-contained form and actual function, eschewing all "traditional" echoes except where they have a rightful contemporary application (though he or she probably harbours great respect for the Bauhaus and Le Corbusier). A post-modernist is happy to play around, arguing that buildings should be fun in up-to-date terms, whether those prompt neon glitz, eclectic pastiche - as long as it comes in inverted commas - or pure one-off whimsy (TV-A.M.'s giant eggcups in Camden Town).

In other countries, however, such architectural divisions were never so clearcut; and in the other arts any modernist/post-modernist distinction is a matter of intuitive freehand sketching (though American Lit.Crit. has, I believe, its own peculiar canons for assigning poetry and criticism to one camp or the other). To count as "post-modernist" it may be enough to be inconsequently jokey, or knowingly backward-looking - or just plain original, highly unlikely as that will always be.

Have the arts lost their way in forests of half understood jargon during the post-modern era? FT critics begin a series in which they explain what the terms really mean and what they think is going on

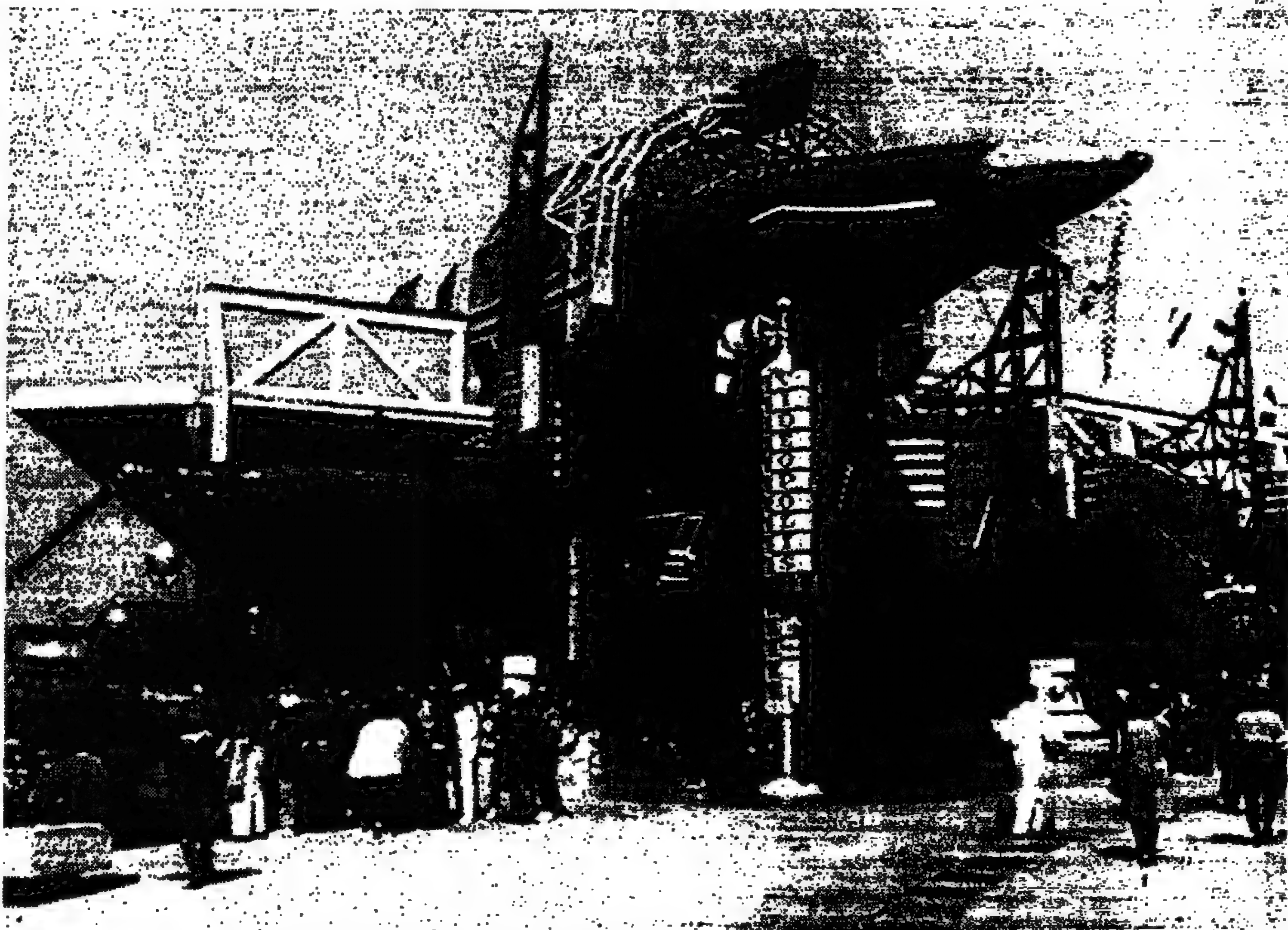
## Architecture

AT THE top of the high-tech headquarters of Lloyd's in London is a board room designed by the 18th century architect Robert Adam, bought by Lloyd's to provide an appropriately classical setting for their Council's deliberations. At the top of the brand new hotel in Canary Wharf is a set of conference rooms designed and furnished in the style of the 18th century cabinet maker Thomas Chippendale. At the top of the massive modern office blocks at Broadgate there are bankers' dining rooms and director's offices furnished as though they were occupied by Cotswold squires about to emulate the activities depicted in the hunting prints on the walls.

Earlier this year I had breakfast at the New York apartment of a successful currency dealer whose fortune is made by the speedy working of communications technology. The elevator arrived in a Louis Quinze entrance hall and we ate as though we were in an English country house, surrounded by Paul de Lamerie silver and 18th century portraits. Down the road on Madison Avenue, is a major office building designed by one of America's leading architects, Philip Johnson, originally as the headquarters of the telecommunications giant, AT & T and now occupied by the even more technocratic Japanese company Sony. It has a grand classical entrance hall with an arched golden ceiling and the building hits the New York skyline with a giant broken pediment worthy of ancient Rome. It is known as the Chippendale building because it happily reminds New Yorkers of an 18th century talbot.

What is going on? Why is so much recent architecture still hanging on to history with its finger nails. What happened in the second half of the 20th century that made the apparently solid foundations of modern, functional architecture quiver and shake with historical uncertainty? The virus that infected the body of contemporary architecture and changed it forever is a phenomenon known as *post-modernism*. Many people use this term in fields of creation other than architecture but it is to architecture that the term has become firmly stuck.

The simple definition of modern architecture was the one liner coined by the Bauhaus boys: "form follows function." I suppose the simple one liner for post modernism must be: "form follows fiction." Since the end of the 1950s those architects who can be classified as post-modernists have designed buildings that pay some homage to both the recent past and to a much more distant past. A post-modern building (a good example is the Sainsbury Wing in London by the American architects Robert Venturi and Denise Scott Brown) combines the spatial planning wizardry



Euro-Disney: it is as though in our 'post-modern' world we can no longer believe in reality

that architects have learned from the International Modern Movement with a sometimes quixotic use of traditional sources. Part of the point of post modernism is the fact that it acknowledges some of the technological advantages of modernism while adding elements to the architectural design that are familiar and based on historical sources.

Why do we seem to need the comfort of the past and the familiar? What is it that makes an important international high-tech computer company from Texas decide to make its British headquarters in a group of buildings Richmond that are new but resemble an 18th century palace, a Palladian pavilion and a Venetian Gothic villa? Why is it that at Euro-Disney and Disney World all the buildings have to resemble something else? There are hotels in the shape of swans, diners in the shape of dolphins and a hotel with a classical pediment supported by the seven dwarfs. At Disney it is not the internationally famous architects who really design the buildings but the teams of Disney animators and "imagineers". Why does Euro-Disney need to bring to

Europe an American version of a romantic Sleeping Beauty castle when France is full of examples of the real thing? It is as though in our post-modern world, when our eyes are conditioned by television and video, we can no longer believe reality. We have to be served with a selection of historical fragments,

Post-modernism was invented by architects hanging on to history as a result of the destruction of much of the past during the 1960s, says Colin Amery

artfully arranged to provide an elementary illusion of the real thing.

I suspect that the real reasons for the invention of post-modernism and the token revival of history that it briefly provided are twofold. One is the need for a sense of comfort brought on by our unhappiness at the rapid destruction of so much of the past in the development boom of the 1960s and 1980s. The other is bad reason I suspect is only too true: cynical intellectual idle-

ness on the part of a poorly educated architectural profession.

History has not been well taught in architectural schools for the best part of half a century. A profession that dully sensed the public disaffection with modern tower block cities raped by motorways and crude out-of-scale developments,

reached out for fragments of history to make their creations more palatable. The result is a rash of pedimented office blocks and false facades that barely conceal the routine ordinariness of the commercial spaces behind. Just take a look at the Bishopsgate end of the Broadgate development in the City of London where we witness a giant Furrier of styles applied to a steel frame series of office boxes. The public senses something is wrong but they are equally uninformed about the past and so appear to be content to swallow travesties and jokes that are both slight and hollow.

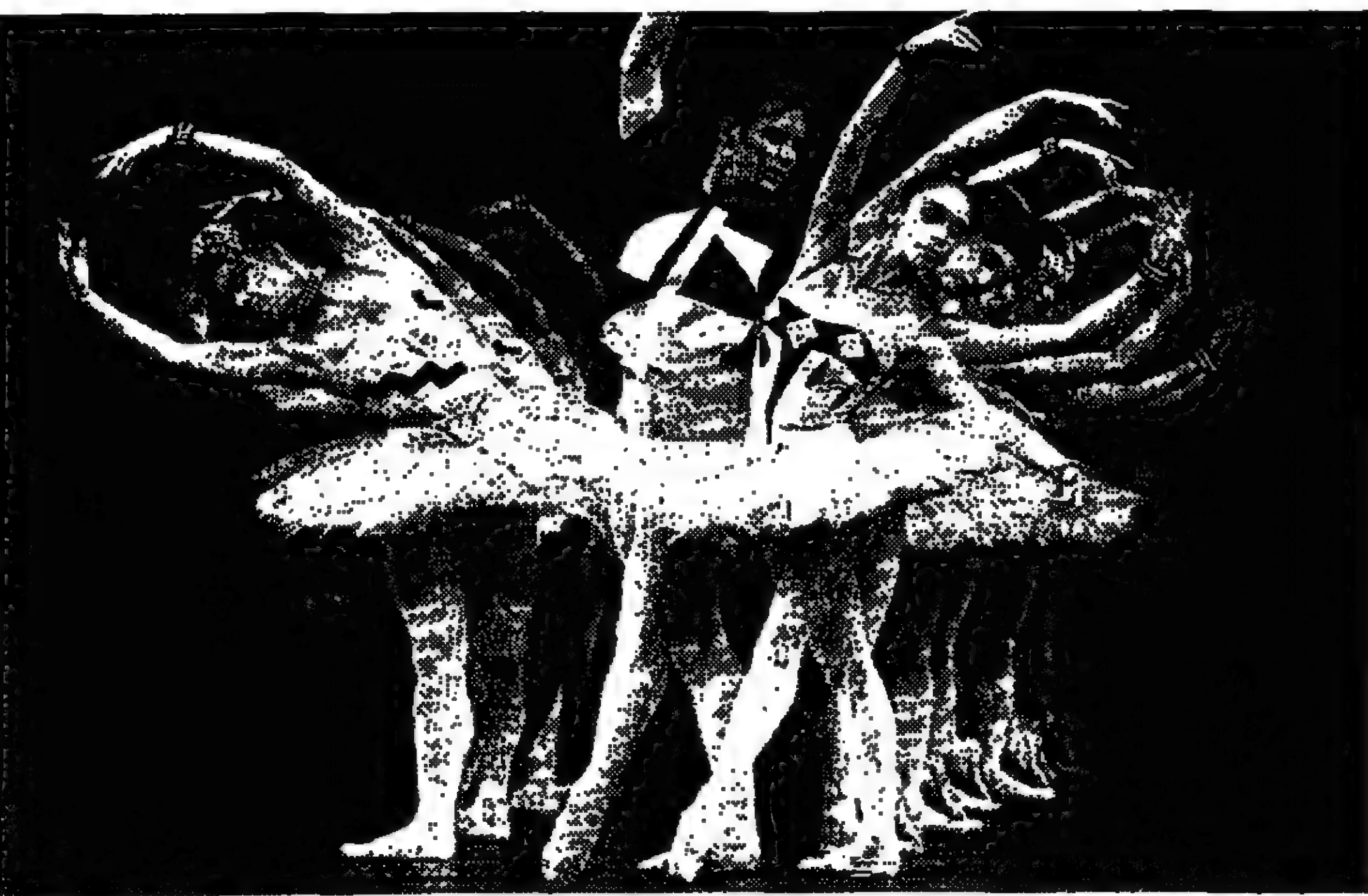
I used to think that post-modernism in architecture was an important transition from the worst aridities of naked modernism to a possible revival of ornament, richness and decoration. Sadly, that has not happened and the few good post-modern buildings are isolated in a sea of mediocre Disney-style jokes. Post-modernism has shown that there is no satisfaction in an effortless, superficial styling that pretends to understand history. Real architecture is difficult and complex and satisfying in its resolution of problems according to a set of rules. Post modernism broke the rules and appeared to abandon social improvement function and form. It certainly demonstrated the lack of any common language and in a world where anything goes threw architectural standards to the winds. It is any wonder that we cling to our architectural roots in the hope that some reality remains in a world of cynical illusions?

## Ballet/Dance

"WHEN I use a word," Humpty Dumpty said in a rather scornful tone, "it means just what I choose it to mean - neither more nor less." "The question is," said Alice, "whether you can make words mean different things."

AS any dance-follower today knows, the problem is really to find words that mean the same thing for any two observers of the art at the same time. The very word *ballet*, which might be supposed to have a certain exactness, has been used to describe the central European lumberings of Kurt Jooss, the abrasive activities of William Forsythe in Frankfurt, and the dire posturings of Bejart's troupe, as well as the academic rectitude of the Mariinsky company in Petersburg - which does show us *ballet* in the exact sense. Confusion is worse confounded when two common words of criticism - *classical* and *modern* are examined.

*Classical* identifies the language of the ballet as established by such late 19th century stagings as *Sleeping Beauty* or *Raymonda*. It has nothing to do with classical in an art-historical or musical sense, yet it embraces ideas of formal harmony and balance which share that meaning in other arts. Sir Frederick Ashton's choreography is *classical* because he used and understood the older language, and revitalised it for our national ballet. It thus also earns the title of neo-classical, though this is less used. Similarly, Balanchine took his classical inheritance from the Mariinsky to New York, naturalised it on American bodies in a freer, speedier society. He produced a *classical* dance language of the late 20th century, and a survey of his work will be seen in next May's "Balanchine Festival" to be staged by his company, New York City Ballet, marking the tenth anniversary of his death. It will be an apotheosis of classical ballet for our time.



Ashton's 'Scenes de ballet' is 'classical' because he understood the older language and revitalised it

*Classical* is also merely used to describe any girl in point shoes or any boy with tights and a blank expression. Not so. True classical dancers are the product of a rigorous schooling in the *dance d'école*, the purest academic style. There is implicit in this identification an idea of a harmonious and balanced physique as well: Ludmilla Semenzak and Yuri Fozokhov, two former Bolshoy dancers seen in the west this year, are ideal examples, their artistry noble in proportion, grand, like their schooling and their actual appearance. They offer *pure* *sung* classical dancing, and despite the attractions of high-kickers and whizz-bang virtuosity to set the groundings in a roar, classical ballets are only truly alive with such serene artists at their heart.

*Modern*, as in *modern dance* must be taken to mean that free dance which emerged in America 60 years ago with Martha Graham, when it

was indeed modern, just as *Art Nouveau* was once *nouveau*. If we talk about modern dance in its exact sense, then we pass by *post-modern*, which implies American dance only 30 years ago, until - perish the thought - we reach *post-post-modern*.

The term 'classical' is merely used for any girl in point shoes or boy in tights

err, which is more a stutter than a definition, and *new dance* which can be used to indicate recent activity. That it is often neither *new* nor *dance* is another example of a vocabulary resonant with special pleading. The French, who have precise minds about language, but vastly serious problems about what

is being passed off as *modern dance*, call it *La Jeune Danse Française*. In these pages we have called it other, unlovelier things.

Yet it is hard to find labels, those emergency exits from thought, to identify the work of such fine practitioners of today's dance as Siobhan Davies, Laurie Booth, Julien Hamilton, Yolande Snath, Jonathan Burrows. Their dancing and choreography is, in truth, *modern*, and the label is meaningless. My colleague Alastair Macaulay notes that certain terms are burdened with purely local meaning, so that *new dance* was used in London in the 1970s to describe choreography which had a social and politically radical stance, while in Montreal there is something called *dance actuelle*. Having seen some of the dance coming out of Montreal, the very words are like a knell.

Clement Crisp

## Pop music is dead: long live pop music

WITHIN weeks of the arrival of Bill Haley and his Comets in the mid-1950s commentators were speculating on what would replace this irksome new craze, rock and roll: would it be calypso or a return to the romantic ballad? The idea that an art form was emerging that would create a multi-billion dollar industry, a shared global experience, and have the most profound impact on the culture, morals, even the politics of the rest of the 20th century, was beyond comprehension.

But I think we can now start to ask whether pop, in its more pretentious, aesthetic form, has not exhausted its relevance. It will not disappear, but like classical music, art, dance, and the theatre, become an art form which lives off its back catalogue, its former creativity.

It will do this very well. It is one of the ironies of pop that something so temporary, so fickle in taste and style, has a reverence for its past that is quite absent from other "art" forms. Any artist, any trend, in pop's forty year history is integrated into its sacred text. There might be a brief time in the shadows but death is guaranteed to restore the reputation of the most insignificant musician, and nostalgia the revitalisation of any faded pop rejects nothing. Today ABBA, the personification of glib, transient, commercial, singles, are regarded as a major icon; even glam rock has been allocated its altar in the pantheon.

This acceptance of everything in the canon goes along with an obsession with the most trivial facts. There are more books on pop statistics - best selling singles; artists with most chart entries; first blind singer to have a top ten album - than on any comparable subject, including cricket. If you want, you can easily discover what all four Beatles were doing on a particular day in 1963; or unearth the birthday of the first drummer in The Sweet. It is nonsense to argue that pop

will die, but not so idiotic to suggest that is going through a severe crisis. Now that the pop generation embraces virtually the entire population outside pensioners - observe the disco at the Conservative Party Conference - a reaction was bound to set in.

There is a band cleverly called Pop Will Eat Itself. It will not; instead it will continue to sustain a flourishing industry in critical nostalgia. Eight of the ten best selling albums in the UK last week contained the re-cycling of archive material, including albums by ABBA and the dead Freddie Mercury. This suggests that mature fans are reliving their past, and a

younger generation favours the music of the 1960s, 1970s, 1980s, rather than contemporary sounds. Pop is failing to replenish itself. Contemporary youth is growing up on a pop music that is far removed in relevance from that of preceding generations; a pop music that is less significant to their lives. Pop has become boring, faded, old fashioned, establishment. It is the music that their parents enjoy. Like so many aspects of contemporary society it has become subsumed inside a life style.

To the young music is no more important than fashion, or alternative electronic developments, like computer games. The absence of new creative figures, like the Bob Dylan of the 1960s, the Elton John of the 1970s, or Bruce Springsteen of the 1980s, has forced teenagers to see pop as dance music, sounds to which to rave. Drug culture has added to this trend. Pop is part of the experience; it is no longer the most important thing on earth.

Pop began to deconstruct as soon as it was taken seriously

Pop began to self-destruct as soon as it was taken seriously. It is only relevant in the individual imaginations of the young, in its ability to communicate on behalf of the incoherent and the illiterate. Pop is currently passing through an intellectual and an artistic crisis, but there is no likelihood of it disappearing. It will re-invent itself to suit the demands of a new generation.

Anthony Thornecroft







## BOOKS

# The potter who became a legend

J.H. Plumb enters the world of Josiah Wedgwood: manufacturer, inventor, and letter-writer supreme

**J**OSIAH Wedgwood was not only at ease with himself and captivated by his job in life - to make and sell pots - but also confident of his destiny and certain of his success. He relished his wife, delighted in her pregnancies, and viewed his growing brood with immense satisfaction. He knew how to make friends as well as pots: Richard Bentley, Joseph Wright, Joseph Priestley, John Flaxman, Erasmus Darwin, Matthew Boulton, Tom Bury, and many more.

Of course, he did not escape blows of fate: the terrible trouble with his leg, which had to be amputated; the terrifying fear of bankruptcy which, from time to time, haunted the early years of capital-intensive expansion; the perplexing dilemmas of the revolt of the American colonies and the French Revolution; and, in old age, the growing certainty that his children were unlikely to live up to his expectations. They became ladies and gentlemen, not potters.

Yet, even at the worst of times Wedgwood glowed with optimism; his euseptic character reassured itself with ease and hope was his second

**JOSIAH WEDGWOOD**  
by Robin Reilly  
Macmillan £20.00, 412 pages

nature. Combined with his exuberant character were exceptional skills - he was an administrator of originality, a dedicated and persistent inventor, an advertiser of genius, and an incomparable letter-writer. He enjoyed so seductive a personality that he burst through the constraints of class as easily as Dr Johnson.

Surely there can be few better subjects for a biographer? He found no Boswell during his life, no G.O. Trevelyan as did Macaulay - only Eliza Meteyard. Her two volumes in 1865-6 were lengthy and just short of verbosity, adulatory almost to the point of absurdity, and partially blind to the world in which Wedgwood succeeded. Nevertheless, her work remains Wedgwood's major biography.

Oddly enough, Wedgwood created a difficult biographical problem. His letters to Richard Bentley, his invaluable partner and his key to the world of fashion and sophistication, are as splendid in their way as

Boswell's or Horace Walpole's. They are as good as those of any 18th century writer, glowing with a rare intensity because Wedgwood was keenly aware of his own ignorance and just as keen to abolish it.

Bentley gave him a sense of security and of a world beyond his ken. Bentley guided him in religion, politics and the aims of society. At the same time, Bentley was a man of considerable taste, at home in the arts but with a sharp sense of what might sell. Indeed, they fitted each other like a lock and key. Letters such as Wedgwood's to Bentley are very rare - indeed, almost non-existent: articulate manufacturers are far rarer than four-leaf clovers. So, there is always a problem for any would-be biographer: to avoid relying too much on them. To some extent, Reilly avoids this trap, but not entirely: the 11 years of Bentley's friendship dominate his book.

Wedgwood's life cannot, of course, be written in strict chronological order if one is to evaluate properly his influence on England's developing economy or to assess how revolutionary or not were his methods and inventions. How far was he a pioneer of consumerism? Did his concern with technology, from canals to thermometers, energise by their example the Industrial Revolution? Reilly's solution of the problem is to interweave themes and chronology sensibly enough, although sometimes it makes the book very uneven.

Except when dealing with purely ceramic matters, and the relationship between Wedgwood and other Staffordshire potters or family matters, Reilly is insecure. His better chapters - like that on Competition and the Market, or The Lunatics and Other Enlightened Friends - are depend fundamentally on others.

For the first, he draws heavily on Neil McKendrick's work of 25 years ago although, given half a chance, he will rap McKendrick's knuckles for factual errors from which he himself is far from immune. He is more generous to Robert Schofield, whose work on the Lunar Society is the basis of the other. Some chapters are very thin.

Unfortunately, too, Reilly does not possess a facile pen: his style is wooden and his prose leaden. Nevertheless, I recommend you to read this book. In it, you will recognise so much of a world you might have thought alien to our own.



Wedgwood's legacy: a Portland vase supplied to Thomas Hope in 1793

# Hardly a case of mind over matter

Michael Horovitz analyses a psychiatrist

**T**HE NAME of 50-year-old Dubliner Anthony Clare has probably become known to more people in Britain than that of any other living psychiatrist. Two decades ago, the same probably was true of the Glaswegian R.D. Laing (1927-89), but for different reasons and via different media.

Laing retained a high public profile from when *The Divided Self*, his first book, polarised the mental health establishment with its radically human approach to schizophrenia - but he went on communicating mainly through books, the experimental community houses he founded, and the private practice of "anti-psychiatry."

Every summer since 1982, Radio 4 has broadcast *The Psychiatrist's Chair*, a series of interviews between Clare and sundry literary and arts celebrities. There have been about 70 to date, of which 12 are transcribed in Clare's book with his introductions and afterthoughts.

One of the more intellectually energetic of these turns out to be the dialogue with Laing, who arrived at the studio drunk but gradually sobered up in response to Clare's questions and gave an unsparingly lucid exposition of his life and work. At one point, Clare suggested Laing might be "too sensitive to be a doctor." The Scotsman admitted he had not bothered to keep his sensitivity "within a fairly formally ordered frame of conduct. I got tossed and turned."

The contrasts between the operations of these two shrinks underline, for me, some dis-

**IN THE PSYCHIATRIST'S CHAIR**  
by Anthony Clare  
Hemlock £16.99,  
314 pages

tinctions between the counter-culture which Laing helped to define in the 1960s and the more commercial, careerist and conformist simplifications of the Thatcher years. Laing, though often apparently self-indulgent, capricious and extreme, was committed intensely to his diverse patients and controversial causes.

Clare, for the most part, endorses passively the vanities of his collaborators, the extent to which they might relish the results will depend on your reactions to the respective personalities being explored. No more than a handful of moments in these published broadcasts feel at all challenging psychologically. The chats with Ken Dodd, Peter Hall, Eartha Kitt, Jimmy Savile and other showbiz pros are, patently, programmed by the subjects, not the interviewer.

Clare's mask of clinical detachment did prompt novelist Tom Sharpe, agony aunt Claire Rayner, tennis star Arthur Ashe, and actor Anthony Hopkins into convincingly spontaneous examinations of their childhood, family and love-hate vicissitudes. But most of these interviewees are content to spin out their long rehearsed and well-received yarns.

It seems a pity that the "Top 12" mentality ruled out of this



Clare... endorses vanities

selection the few dramatically revealing self-portraits induced by Clare's blandly professional couch-side manner. For example, the most glaringly unpleasant subject I remember from the broadcasts, David Irving (famed apologist for and historian of Nazi Germany), provided the most staggering vindication I have ever heard of Dr Johnson's view that "No man was ever writ down but by himself." Perhaps future series and publications will yield more such enlightening encounters.

## Literary competitions

A **HUGE** number of clerihews on musicians, and obituaries of fictional characters, has been received.

These are now being sorted and appraised carefully by the judges.

Results and a full report will appear in the next edition of the *Weekend FT* on January 2.



This Russian icon of the Madonna and Child is almost entirely covered with pearls, gold and other precious stones. It is one of the illustrations in "Pearls: Ornament and Obsession," a sumptuous volume by Kristin Joyce and Shelley Addison (from Thames & Hudson at £38.00).

# A treasure trove of carols old and new

Sixty-four years on, a definitive reference work has been replaced. Anthony Curtis applauds the result

**R**ALPH Vaughan Williams collaborated in 1928 with Martin Shaw and Percy Dearmer to compile *The Oxford Book of Carols*. The work has served its purpose for a long time but, as the editors of this replacement volume point out: "Musical knowledge has increased enormously in the 60 or so years that have elapsed since its publication, and attitudes (as well as the circumstances in which carols are performed) are no longer the same."

They believe that the present book - an omnium gatherum of carols in many different languages, from medieval Latin to 19th century Basque - "has the potential to revise what has, in many respects, become an enfeebled and inward-looking tradition." Here is not merely a source book for carol-party organisers - a shorter version at a more affordable price is planned to appear soon - but also an historical anthology giving ample testimony of an enormously widespread and persistent musical tradition.

In the view of Keyte (a music don at Bristol University) and Parrott (a conductor of international repute and founder of the Taverner Players), the essential features of a carol are that "the content must be narrative, contemporary or celebratory, the form must be simple, the form normally strophic."

There are carols in celebration of many of the events of the Christian calendar, but the

authors have restricted themselves in the main to carols "for Christmas and most of its associated feasts and seasons, ranging from Advent... to Candlemas (the feast of the Presentation of the Virgin in the Temple... 40 days after Christmas). Carols of the Annunciation have the status of honorary Christmas carols, having been sung at this season from medieval times." The

**THE NEW OXFORD BOOK OF CAROLS**  
edited by Hugh Keyte and Andrew Parrott  
Oxford £60.00 (£25.00 after January 1), 702 pages

carols are printed with musical setting alongside the verbal text. If this is in a language other than English, it is also given in translation.

For a scholarly history of the origins of the carol, the compilers refer us to R.L. Greene's *The Early English Carols* (revised edition 1977), but they themselves succeed here in imparting much valuable historical information in the form of the copious footnotes to each carol. They make a broad distinction between "composed" carols and "traditional" ones. Within the first category, "the order [they write in explanation of their scheme] is roughly chronological, though with some geographical grouping leading to a slightly zigzag sequence; in the second, the carols are arranged purely by country of origin. A carol's

chronological position is determined by the date at which music and words first appeared together. *Ding! dong! merrily on high* is thus dated c. 1900, despite its 16th century tune. Composed and traditional settings of the same text are placed separately in Parts I and II. A *Virga unspotted*, for example, appears in William Billings' setting in part I, and in its folk setting in part II."

The common European inheritance is emphasised by plainchant hymns and medieval carols from many different countries, including a group known chiefly from the Swedish-Finnish *Piae Cantiones* of 1582, deriving from much earlier central European material. Monks were prolific writers of words for carols in medieval times. Nearly all the *noëls* in the French section are by clerical poets working on existing melodies, and the texts of some of the English medieval carols are by Franciscan friars doing the same job.

Yet, the editors conclude, "as we write, we are aware of a loosening of ideological restraints among younger composers so that simple, direct forms of expression are no longer frowned upon. It could even be that those who have written off the traditional carol as a dead form may once again prove to have been too hasty with their verdicts." Anyone who dips into this treasure trove of a book will surely want to ask if the long tradition could be continued in a modern idiom.

# Scrolls that put flesh on history

**THE FIRST** scrolls the Bedouin found in the desert caves above the Dead Sea at Qumran, on the West Bank, appeared 45 years ago during the troubled time of the birth of Israel. In the 1950s more were found, and the Bedouin still seek them.

From the start, it was obvious that these fragmentary religious texts would give an alternative, contemporary picture of life and thought at the time of Jesus, and of how Christianity grew from its start in Bethlehem 1,992 years ago.

Quick publication of such finds was essential. Did it happen? No. It is still not done. The scholars have bickered about their "rights to publish" and the region's politics have not helped.

Outsiders have no chance of understanding the long-running disputes, nor of deciding whether Robert Eisenman and Michael Wise were scholarly boudiers when they rushed to publish a large number of unknown texts in this book. But, for the public, these new scrolls are welcome.

Their value is that they echo many attitudes in the Gospels and confirm that Jesus was truly part of his time, when the Romans were hated imperialists and Palestine abounded with sectarian leaders all claiming unique divine authority - so like the Middle East today. Some scrolls identify true prophets and smear the false ones.

Several fragments interpret the Old Testament, partly to answer the vital question of which OT books were sacred. A précis of Genesis selects Noah, Abraham, Gomorrah, and Reuben's insult to his father by sleeping with his concubine; stories of Jews at the Persian court parallel Daniel's adventures with those capri-

**THE DEAD SEA SCROLLS UNCOVERED**  
by Robert Eisenman and Michael Wise  
Element (Shafesbury, Dorset) £14.94, 286 pages

cious kings. The dying leader's farewell message, "Do not put the man with a covetous eye in charge of Riches," sounds like an OT proverb. "In the Meekness of Righteousness, bring forth your words" could be the Sermon on the Mount.

Making sacrifices in the Temple for the Gentile Romans was wicked and - as in the Christian concept of the pure life - violence, fornication and lying were out. But would Jesus have had time for the attitude that, on the Sabbath, you should not pull an animal out of the mud but could throw a person a garment and haul him out?

The texts about the Messiah and the New Jerusalem are astonishingly close to the Gospels. "The Lord will visit the Pious and the Righteous will He call by name," they say. "He shall release the captives, make the blind see... heal the sick, resurrect the dead."

And who is the Messiah, "the Leader of the Community"? He is "the Branch of David," a staff from the root of Jesse. And his fate? "Put to death" at the orders of the high priest and the "Kittim" (Romans). This was not Christianity, but it was very close to it. The Dead Sea Scrolls are just fragments, but they add depth to the picture of Palestine at the time. The ideology of the Qumran community, like that of the first Christians, had firm roots in the traditions of Judaism.

Gerald Cadogan

# Altar-wise in hindsight

**W**HAT IF Queen Mary I - "Bloody Mary" - had lived to be a septuagenarian like her sister, Elizabeth, instead of dying at 42? Would there have been no King James' Bible, no empty niches in our churches... and no women priests?

For some Anglicans, this is a more than usually poignant moment to be asking. "What if...?" The conventional view, of course, is that the English Reformation was unstoppable and Mary's bishops were hopeless obscurantists. But not according to Eamon Duffy in *The Stripping of the Altars: Traditional Religion in England 1400-1580*.

We are still, Duffy argues, prisoners of a Protestant triumphalist viewpoint which teaches that the forces behind religious reform had been gathering so long that, by Mary's accession in 1553, they blew with hurricane force. On the

creeping painfully to the Cross, in guild plays celebrating the novel devotion to the Feast of Corpus Christi. Duffy is not the first historian to reject the term "popular religion," but none has argued with greater finesse against the view that the Church was split into one religion for the rich and cultivated, another for the common man and woman.

Duffy shows what it meant to be pious; to put a face on the burning pyre beneath a heretic in order to win an indulgence, or to pray "The Fifteen Oes of St Bridget." Thomas mentions these widely used prayers on the Wounds of Christ (each beginning "Oh...") only in passing as an example of how popular Catholicism had confused prayers with magic. For Duffy, on the other hand, these prayers reveal a theological sophistication and wealth of vivid imagery which makes nonsense of the idea of a "spiritual elite."

Charting the radicals' assault on the fabric of traditional religion means Duffy must explain why his devout parishioners acquiesced in whitewashing walls and unpicking vestments. Out of pragmatism and fear, he suggests, convincingly. In any case, martyrdom is a minority taste and, besides, the imposed changes had to be paid for.

Yet, conformity must not be confused with Protestantism, as is shown by the memorable experience of Morebath on Exmoor. Under Edward, the priest and his devout congregation hid the vestments and shifted the candles. Then, to their dismay, altars, candlesticks and the rest had to go. Mary's reign meant the great cope could be redeemed from the pawnbroker, and the youth of the parish subscribed to repaint the ceiling. Nor were the Morebaths peculiarly pious. "In the majority of English villages... men breathed easier for the accession of a Catholic queen."

The closing pages present a gripping account of Elizabeth's commissioners rooting out the externals of Catholic religion with horrid meticulousness. They were right; a scraggy bell hung round a sheep's neck did not seem the same. By the '70s and '80s, reformed religion had triumphed. *The Stripping of the Altars* is a magnificent scholarly achievement, a compelling read, and not a page too long to defend a thesis which will provoke passionate debate.

Patricia Adams

# Children's Book of the Month Arabia re-visited

**I**T COULD be argued that the book known as *The Arabian Nights*, that fascinating oriental patchwork of tales, jests and moral instances, is as much a fabrication of the 18th century as *Percy's Reliques* or any of those other attempts that were made during that century of so-called Enlightenment to "rescue from oblivion" collections of old ballads and the like.

In fact, the primary source for what came to be known as *The Arabian Nights* was Antoine Galland's French translation of 1704, which led very quickly to an English version. Galland had consulted a range of Arabian manuscripts but these sources did not include versions of some of the most famous tales in the collection. Aladdin and Ali Baba.

According to Brian Alderson, the historian of children's literature who has produced this splendid new edition of the book, Galland heard these tales from the mouth of a Maronite storyteller who happened to be wandering the streets of Europe.

The fictional narrator Sheherazade was, of course, a woman of quite awe-inspiring

stamina when it came to telling stories - such are the lengths to which a human being is prepared to go when threatened with decapitation - and Alderson's offering of a mere 182 pages is less than 10 per cent of what the most complete version might be. Earlier

**THE ARABIAN NIGHTS**  
by Brian Alderson,  
illustrated by Michael Foreman  
Victor Gollancz £14.99, 192 pages

abridged editions of *The Arabian Nights* often have left her out altogether because of the delays that must occur inevitably when morning comes and the tale-telling is interrupted; but the truth is that her presence is an enriching element, making certain tales more poignant or more suspenseful.

What Alderson has sought to do in his rendering of the book is to re-create the sense of excitement that the idea of *The Arabian Nights* evokes in the reader. So, he has resorted in his preface to what he himself describes accurately as a "richly upholstered Victorian" style, which serves his purpose well. Not being an "Arabian

scholar, he has leaned heavily upon both Sir Richard Burton's great 18-volume *Nights and Supplemental Nights* of 1885-1888, so beloved of Somerset Maugham, and John Payne's translation, also of the 19th century.

What is perhaps most interesting about *The Arabian Nights* is the extent to which so many of the tales, fables and moral instances have found their way into European folklore and fable. Motifs appear that find a parallel in Grimm or Andersen. On one occasion the delightful tale of a faithful parrot that is embedded in *The Fisherman and the Jew* - the story finds an echo, according to Alderson, in a similar anecdote recorded in England as late as 1914 when a parrot was called a liar because it "talked about the day it rained beans and bacon after the cook had thrown the dinner at it."

This is the oral tradition at work again, burrowing underground like a colony of moles, moving in many directions at once. And no one is quite sure where they will appear next. *The Arabian Nights* is a "richly upholstered Victorian" style, which serves his purpose well. Not being an "Arabian

**THE STRIPPING OF THE ALTARS**  
by Eamon Duffy  
Yale University Press £29.95, 740pp

eve of the cleansing Reformation, the Catholic Church resembled a pedlar's cart piled with the detritus of centuries: mass books, candles, vestments, indulgences, holy images and charms. From Wycliffe to More, historians are split for choice looking for denunciations of a tawdry religion distasteful to many of the elite and also to an increasingly literate lower laity.

Duffy hardly bothers to target the scholars ranged on the other side save for Sir Keith Thomas whose *Religion and the Decline of Magic*, published 20 years ago, is one of the most influential books on English history this century. His discussion of Catholic belief concentrated on "popular religion," the prodigious variety of "pagan" pagan and magical practices. For Thomas, orthodox religion in 1500 had only "a weak hold upon the English."

In his view, reformed churchgoers were interested in the things they smuggled home to improve the milk yield. *The Stripping of the Altars* portrays a devout majority sharing in the body of Christ. From late-medieval religion being increasingly "pulverised, corporate piety was more evident than ever in congregations on Good Fridays







## TELEVISION AND RADIO

# Music, movies, many happy reruns

*Christopher Dunkley picks the plums over four days of holiday viewing and listening*

## Christmas Eve

**I**F YOU took away all the music and movies, the airwaves would remain virtually silent for much of the Christmas period. The pick of today's movies begins (or for many readers, no doubt, began) at 9.30 this morning with the first and one of the best musicals made by the Fred Astaire/Ginger Rogers team, *Flying Down to Rio* (BBC2). Fans of the partnership who have already missed this absurdly early offering can take heart since more of their films are spread through the holiday. Most are screened even earlier in the morning, so it looks like a job for the video recorder.

The music begins in earnest after lunch at 1.05 when Radio 3 offers a 1970 recording of Beethoven's only opera, *Fidelio*. The late Leonard Bernstein conducted the Vienna Philharmonic and Vienna State Opera Chorus with a starry cast: Gwyneth Jones as Leonore, Walter Berry as Don Pizarro, Lucia Popp as Marzelline and James King as Florestan.

If you prefer modern dance and have the afternoon free, BBC2 screens Alvin Ailey's *American Dance Theatre* at

2.50 with the famous American company performing Alvin Ailey's own ballet "Memoria". For many, the day's most important broadcasting fixture is the Festival Of Nine Lessons And Carols from King's College Chapel which begins at 3.00 on Radio 4. This has a comparatively high proportion of modern and foreign songs. Another version on BBC2 at 6.15 is more traditional with "The Holly And The Ivy", "Silent Night", and "Oh Little Town Of Bethlehem".

The day's most unusual music and dance programme promises to be *Everybody Dance Now* (8.00 C4) which looks to the pop video as the chief source of popular contemporary dance once provided by the Hollywood musical. Exponents seen in the programme include Madonna, Michael Jackson, Paula Abdul and M C Hammer. ITV provides a *Midnight Service* from Ely Cathedral (11.50).

Other notable movies include *Sea Of Love* (9.45 BBC1), a 1989 mixture of police thriller and steamy romance which is getting its first showing on terrestrial television. Al Pacino plays the detective and Ellen Barkin is the suspect with whom he begins a passionate affair. Dear old Auntie BBC has censored the language.

Women On The Verge Of A Nervous Breakdown is also

having its first terrestrial airing. This was made in 1988 by the biggest name in Spanish cinema since Bunuel: Pedro Almodovar, darling of the film festivals. His work is sexy, funny, eccentric, stylish and brilliantly coloured.

The best of the oldies is *Arsenic And Old Lace* (12.35 BBC1), Frank Capra's hilarious wartime adaptation of a popular stage farce with Cary Grant playing the man whose aunts take to poisoning.

There are just three non-musical programmes I want to catch. First, *Fanny And The Plastic Saints* (5.30 pm Radio 4) because Piers Fowright's radio documentaries are very special: this one is about actress Fanny Carby who had a part-time job 50 years ago painting and gold-leafing saints and martyrs. She now goes in search of them.

Second, BBC2's account of the 1992 re-run by vintage cars of the 1965 Mille Miglia race, *How About A Lift Old Boy?* (7.30 pm BBC2) because Ian Wooldridge who navigates for Stirling Moss is a particularly good and funny reporter.

Third, Harry Enfield's *Festive Television Programme* because the ghastly disc jockeys, Smashie and Nicey, are two of the funniest characters on television (9.20 pm BBC2).

## Christmas Day

**T**HE PICK of the day on Christmas Day is the Queen's Speech: 9 am Radio 4, 10 am Radio 5, 11 am Radio 2, 1 pm Radio 1, 3 pm Radio 4, BBC1 and ITV 6.25 pm and 8.30 pm BBC2 and C4 (both have subtitles & sign language).

You will also be well served if you like music - especially religious music - and movies - especially old ones. The first notable offering comes bright early at 7.30 in the morning when BBC2 shows *Rio Bravo*, a Western which, although slow and predictable, is peculiarly enjoyable. John Wayne plays a sheriff determined to hold a prisoner, although he has only a drunk (Dean Martin), a boy (Vicky Nelson) and a one-legged veteran (Walter Brennan) to help him.

The best thing to do this morning is steal enough time for a leisurely bath and listen to either *Down Your Ear* (10.30) or *Desert Island Discs* (11.00) both on Radio 4. The first is a recycling of the events of 1992 by Armando Iannucci who has been responsible for some of the funniest of recent radio programmes, notably "On The Hour". In the second - an extended edition - the castaway is the Cambridge physicist Stephen Hawking.

If the middle of your day is free you can watch, and more to the point listen to, a repeat of *The Messiah* on C4 starting at 11.30. This was a performance in Dublin marking the 250th anniversary of its first performance in that city in April 1742. An impressive list of soloists includes Sylvia McNair and Anne Sofie von Otter. That goes on until 1.55.

Instead you could listen to Radio 2 at 1.00 for *Comedy Hour* which begins with a repeat of a 1958 Christmas edition of "Take It From Here" devoted entirely to The Gnomes. While playing sardines, Ron gets locked in the cupboard under the stairs with the buxom barmaid fancied by Mr Glum...

For anyone who has still



Tempting choice: Glenn Close, John Malkovich and Michelle Pfeiffer star in *Dangerous Liaisons*, BBC2 9 pm, Christmas Day

never seen it, or those of us wanting to watch for the 27th time, at 1.15 BBC2 again shows *Top Hat*, just about the best musical ever made by Astaire and Rogers. The numbers include "Isn't This A Lovely Day", "Cheek To Cheek" and "White Tie And Tails" and the dance sequences are among the best ever to come out of Hollywood. Of course the story is ludicrous, but that is part of the charm of the thing. The supporting cast is splendid, especially Eric Blore.

Otherwise the most tempting movies of the day are *Dangerous Liaisons* (9 pm BBC2), the cinema version of Christopher Hampton's hugely successful dramatisation of the epistolary novel by Lesclapart in which aristocratic French lovers plot the seduction of a young woman. This is the first showing on terrestrial television, as is the screening of *Shirley Valentine* on BBC1 (9.50). This is another filmed version of a stage play,

but a far more sentimental one. Pauline Collins plays the uncherished suburban wife who finds fulfilment in a Greek holiday romance. Tom Conti plays the Greek.

The most interesting of television's own programmes (there are far fewer than on a normal day) may well include *Saint Mugg: The Making Of A TV Saint* (7 pm C4). This considers the transformation of Malcolm Muggeridge from wit and humorist in middle life to religious zealot and crashing bore in old age.

Centre of BBC1's evening, and therefore candidate for one of the largest audiences of the year, is *Victoria Wood's All Day Breakfast* (9 pm). Where her contemporaries tend to be described as "among the top female performers on television", Wood is so good that her sex does not have to be taken into account. She is simply one of the funniest and most talented people on television.



Funny and talented: Victoria Wood's *All Day Breakfast*, BBC1 9pm



Steamy thriller: Ellen Barkin and Al Pacino in *Sea of Love*, BBC 9.45pm, Christmas Eve

## Boxing Day

**C**ONSIDERING the well known availability of the audience on Boxing Day, this year's schedules look surprisingly ordinary, even lacklustre, some may think. One reason, presumably, is that, as the years have passed, broadcasters have learnt that Christmas editions of their own normal programmes win ratings at least as big as those for expensive galas or new movies. Hence the succession of familiar titles on ITV and BBC1 early in the evening.

Also, fewer special music offerings are on offer than you might expect; just two of note. The *Mikado* (7.30 BBC2) is the new D'Oyly Carte production, marking the 150th anniversary of the birth of Arthur Sullivan, recorded at the Buxton Opera House under conductor John Owen Edwards. Since the copyright lapsed, there have been several modern and unconventional productions of Gilbert & Sullivan operas, but the D'Oyly Carte company sticks pretty much to the established Savoy Theatre traditions. Deryck Hannan sings the *Mikado*, Jill Pert is Katisha, and Julian Jensen plays Nanki-Poo.

Altogether darker and more serious is Channel 4's main programme of the evening: *Salome* (8.10). This is the Peter Hall production of the Richard Strauss opera, mounted at Covent Garden with Edward Downes conducting. The title role is taken by Maria Ewing who was formerly married to Hall. Ewing, happily, is a good example of the modern requirement that sopranos playing seductively gorgeous man-killers should no longer be allowed to weigh 18 stone and to waddle around the stage, but must actually look the part. Watching Ewing in the dance of the seven veils you can well believe she would achieve her purpose.

Of the 21 movies on offer from the four main networks, four seem worthy of mention. *The Sword In The Stone* (3.15 ITV) made in 1963 is not one of Disney's best cartoons, nor even among the best of the studio's modern works, but it has never before been shown on terrestrial television. It is adapted, of course, from T. H. White's splendid King Arthur story.



Operatic Cinderella: Rossini's *La Cenerentola*, BBC2, Sunday 6.25pm



Seductive soprano: Maria Ewing sings *Salome* on Channel 4 at 8.10 pm

For those who have still not managed to catch it, BBC2 is repeating Claude Berri's poignant two-part saga of French rural life beginning today with *Jean de Florette* (4.35). The stars are Gerard Depardieu and Yves Montand. "Manon des Sources" is screened tomorrow.

When *Harry Met Sally* (BBC1 10.05) is a modern American comedy romance containing the famous scene where Meg Ryan proves in a crowded restaurant that a woman can, indeed, realistically fake orgasm. And ITV is showing Parts 1 and 2 of *The Godfather* starting today at 11.20 pm. This Mafia epic, beginning with Marlon Brando as the head of the family and Al Pacino as his heir, runs to a total of six and a quarter hours (and that is excluding the inferior "Godfather 3"). But it is much the best thing Coppola has ever directed: the acting is outstanding, and the photography superb, so it is worth the time.

For traditionalists there is *Racing from Kempton Park* (12.30 C4), and, for skating fans, highlights of *Torvill and Dean's* ice spectacular in *Simply The Best* (4.05 BBC1). Anyone who missed the most recent "behind the scenes" documentary about the Queen, Elizabeth R, can see a repeat on BBC2 (2.45).

There are just two new television programmes which I particularly want to catch. *God On The Box* (7.10 C4) sounds as though it might have been specially made for television critics: it tells the story of the "God Box" which began in the days of the "toddler's truce" when television transmitters were switched off in the early evenings so that mothers could put their children, untempted, to bed. This is about to end with the coming of the new ultra-competitive ITV. Most of the programmes in this slot were, as the makers of this programme admit, "curdledly sanctimonious".

Bookmark (9.50 pm BBC2) promises Maureen Lipman as Enid Blyton in a programme which mixes drama, animation and documentary. Blyton was one of the earliest victims of political correctness, falling foul of librarians who felt her work was much too middle class and enjoyable, and banned her books because - they said - Noddy was a racist. Time for reinstatement.

Chess No 954: 1 Kd8 (threatening 2 Bf5) 3 Qd7. If Qd8 2 Bf5 3 Qd4, or Qh3 2 Qd7 3 Qd4. Any other white king move allows Black a check or pin in defence.

## Christmas Sunday

**F**OR ANYONE who takes an interest in television scheduling, the crucial moment tonight occurs at 7.15 when BBC1 and ITV both finish a dose of what passes for religion on television (golly songs and fat men with sad smiles). ITV then starts a two-hour, Ruth Rendell *Mystery Movie* starring John Duttine and Mel Martin, and BBC1 offers *More Auntie's Bloomers* with Terry Wogan trying desperately to seem as funny as the out-takes - journalists' fluffs and actors' pratfalls - he has to present.

That is followed at 8.05 on BBC1 by *Miss Marple: The Mirror Crack'd* with the matchless Joan Hickson starring for the last time as Agatha Christie's famous little old lady detective. Such a contest will inevitably split the audience and destroy anybody's chances of record ratings. But my guess is that, in spite of the big figures achieved by ITV with its "Ruth Rendell" productions in the past few years, the BBC's combination of out-takes and *Miss Marple* will win hands down.

The notable movies mostly carry over from yesterday. *Manon des Sources* (4.25 BBC2) certainly can be watched as a self-contained piece of work, but the story of water rights and the wild child growing up in a remote farming region of Provence will be even more impressive if you saw "Jean de Florette" yesterday.

The *Godfather II* (11.30 pm ITV) is still more firmly hitched on to yesterday's opening section of this gripping story of the New York Mafia and its Sicilian connections.

Best movie offer of the day is BBC2's first terrestrial showing of the 1969 bittersweet comedy/romance *The Fabulous Baker Boys* (10 pm). Brothers Jeff and Beau Bridges star as the drooping piano-bar entertainers who are returned to tumescence by the arrival of an electrifying singer. Michelle Pfeiffer plays Susie Diamond with such wonderful oomph that she won a Golden Globe award and was nominated for an Oscar.

The two musical productions which look particularly interesting are both on BBC2. In *The Maestro And The Diva* (3.25) Kiri Te Kanawa sings Richard Strauss's *Four Last Songs* (which have become extraordinarily popular as con-

cert pieces in the past three or four years) with Georg Solti conducting the BBC Philharmonic.

At 6.25 the channel offers *La Cenerentola*, an opera version of *Cinderella* written by Rossini whose birth in 1792 we have been celebrating this year. This production, directed by Michael Hampe for the Salzburg Festival, has Riccardo Chailly conducting the Vienna State Opera Chorus and the Vienna Philharmonic and the singers include Francisco Araiza, Walter Berry and Ann Murray as Cinderella.

As ever, radio has some tempting programmes. *Chris Wines* has made what promises to be a remarkable curio for Radio 4: 33 ypm which stands for "33 years per minute". In one hour from 7 pm the programme undertakes to cover 2,000 years of history.

Radio 3's *Hamlet* (7.30) is a repeat of the Kenneth Branagh production with himself in the title role, Derek Jacobi as Claudius, Judi Dench as Gertrude and Richard Briers as Polonius. Most compelling of all, since it is one of the earliest events I can remember vividly, is David Perry's half hour on The London Smog. Of 1952 (11 pm Radio 4).



Unlikely romance: When Harry met Sally with Meg Ryan and Billy Crystal, BBC1 Boxing Day at 10.05 pm



## MOTORING/SPORT

# Adieu to glorious relic of a vanished France

Production of the Renault 4 is ending. Stuart Marshall mourns the passing of an old friend

IT IS WHAT the French mean by *fin de siècle*. Citroën knocked the 2CV *deux chevaux* on the head a couple of years ago. Now, it is the Renault 4's turn to enter motoring history.

The France for which they were created, and in which they multiplied, has almost gone, too. It was a country that seemed to be populated by peasant farmers needing cheap, utilitarian cars that would not break when overloaded cruelly and driven hard on dreadful roads.

A France, in fact, with an ambience which used to be termed "the three Cs" - *curie, Gauloises* (or *Gitanes*) and the *gens*. On driving off the ferry, they were all present.

Happily, the aroma of garlic still perfumes the kind of restaurants I patronise, but the pungent pong of caporal tobacco has gone. And a revolution in plumbing technology has been sanitising and deodorising the traditional gamey, gurgling French loo. Even modest hotels now have gleaming bathrooms with fittings so high-tech that a degree in physics is helpful in making the shower work.

And what about the bidet? When the *deux chevaux* and *quatre-elle* (shorthand for Renault 4, because it was first known as the 4L) were created, even the cheapest French hotel room had a bidet. Many British visitors wondered what they were used for. One innocently asked a French woman if it was for washing the baby in. "Mais non!" she



replied, "It is for washing the baby out".

Now the bidet, too, is disappearing from hotels. Changing attitudes to contraception - and cost-cutting accountants - are to blame.

But back to the Renault 4. We had two of them in the 1980s and early '90s. They were ungainly and tiny, extraordinarily comfortable, and cost next to nothing to run. In nine years, neither ever failed at the roadside, although I had to drive one home clutchless after the cable

broke. They crossed fields, forded streams, took us to France on holidays and carried about cargoes - like the chesterfield sofa we brought home from an auction. It squeezed through the 4's immense tailgate opening but overhung the load floor, making the car look like a pike trying to swallow a carp of twice its weight. To appreciate fully the 4's carrying capacity, just try putting a sofa in a trendy modern estate car.

Our first one was an early import, with a three-speed gearbox and six-volt electricity. It cost me about £500 new in 1984. We parked it at Heathrow for a fortnight one bitter winter. When we got back, the rubber door seals had frozen to the body, but I managed to get in by forcing the tailgate open. It started instantly.

As we drove off, grander people on the same flight were calling for jump leads to start frost-bound Granadas and Jaguars.

Renault 4s rolled on corners like flat-bottomed boats in a beam sea, but they got round somehow and never fell over. Hurrying to catch a boat in my second R4, I saw the needle of the semi-circular speedometer disappear from sight at a clamorous 75 mph (120 kmh) - I was, of course, going downhill. At 80 mph (130 kmh), the effect was remarkable. It was as if I had entered the eye of a typhoon. All the noise just stopped and I still don't know where it went.

The push-pull gear lever jutting from the fascia frightened off many potential British buyers but was simplicity itself to use. And it allowed the driver to slide across easily to step straight out on the footpath. The seats were the kind one sank into, softly. There was enough head-room to drive wearing a bowler hat.

Friends bought Renault 4s on my recommendation. A Sussex farmer replaced his aged Land Rover with one. He filled it with sheep and

straw, horse nuts and bits of broken-down machinery and reckoned it was the best car he ever had. It looked like a mobile midden and died ignobly when a drunken employee smashed it into a stone barn. The farmer, of course, bought another.

The Renault 4 still lives on in one or two Francophone third world countries, but failure to meet crash safety and emission laws sealed its fate in Europe.

What will replace it? Years ago, Renault thought it would be succeeded by the slightly bigger but basically similar R6, just as Citroën thought its Dyane would take over from the *deux chevaux*. Both R4 and 2CV outlived the upstarts.

Perhaps the Renault Twingo, sensation of the recent Paris motor show, will take up the banner of cheap and practical motoring carried by the Renault 4 for 30 years. The Twingo, a brilliantly original one-box baby car, has a hint of the Renault Espace's shape. It goes on sale in France next March.

At first, Renault said the Twingo would never be made with right-hand drive, but so rapturous was its reception that top management is, by all accounts, having second thoughts. Thousands of Britons will not forgive Renault if they do not get the chance to buy the cleverest small car to appear in years. I hope someone is listening over there in Paris.

Cricket/Teresa McLean

## What is the Italian for silly mid-on?



Greek triumph: Gonstis the Greek wicketkeeper celebrates a catch against Austria in the Cricketers' cup

"HAIL Cricket! glorious, manly, British game! First of all Sports! be first like in fame." - The opening lines of James Love's epic poem about Kent's defeat of All England in a cricket match in 1744. The poem extends to more than 300 lines, not one tarnished by the thought that the "First of all Sports" might one day be played in foreign pastures such as continental Europe. Love would have been chastened to hear of cricket being played from Scandinavia to Greece, from Portugal to Albania.

European cricket is a minor sport which is, in the words of Italian cricket's ambassador in England, Ian Massey, "short on skill but big on spirit." Its two most obvious turns of spirit are the wild, passionate, romantic one, in countries such as Italy and Greece, and the cool, calm one, in countries such as Denmark and the Netherlands.

Often players are most strongly united in their mood of play when faced with the most alien opposition, as was shown in a recent game between a Greek and an English team. Greek cricket is pretty well limited to Corfu, where it was introduced by British sailors in the 19th century. There is only one cricket ground in Corfu, fringed with cafes. There are four teams, unique among European cricket teams in being entirely home-grown. Byron, Gymnastikos, Phaex and Ergaticos use only Corfiot players, all of them tremendous hitters.

In September 1991, Ergaticos were playing a Combined XI of Bethlehem Royal Hospital and Pinners Victorians. When they found they had only ten players, a tiny man of 87 called Lakis Kosteleto, a leading figure of Corfiot cricket, was persuaded to come out of retirement and have a go at the Anglo-Saxons. With his team's score at 70, Kosteleto was the seventh to be out, sat down by the scorer, collapsed and died.

In the Netherlands and Denmark the climate is cooler. The Dutch have played cricket for a long time, the standard is high and there is a well organised league system. One only has to look at this year's Somerset squad to see how efficiently the Dutch encourage young

players. Adrianus van Troost, Taunton's new, occasional, huge, fast bowler was born in the Dutch gin town of Schiedam 20 years ago and spotted for Somerset two years ago by Jack Birkenshaw, then Somerset's manager, in a youth cricket tournament at Radley College. He made his county debut in 1991, the year Taunton's other Dutchman, Roland Phillippe Lefebvre, from Rotterdam, won his county cap and his sizzling nick-name: Tulip and Clopsy.

The North Sea end of European cricket is not glamorous. Nor does it seek to be. One would be unwise to pursue a silky image when one's National Cricket Association has an AGM called the Dansk Cricket Forbunds Repraesentantskabsmodet. The Danes take their cricket seriously. Last year the AGM spent cold, December days in Jutland organising Denmark's cricket into "talent centres", to coach

talented cricketers and teach talented coaches. In Germany, cricket is deeply unsure of itself. The game's negative points are that it is whimsical and eccentric, the result is unpredictable, whatever the state of play, and the whole thing started in England. Its great positive point is that it has a delicious and ever-growing abundance of rules. Anything with lots of rules is, says Rolf Schwiete, chairman of the Deutsche Cricket Bund, "ideally suited to the German temperament."

This was confirmed by Alf and George Powley, identical twins, overseas training and liaison officers for the Association of Cricket Umpires. They have umpired on many cricket expeditions - six to Italy, two to France and one each to Germany, Luxembourg, Austria, Belgium and Israel.

In Germany, the Powleys gave one of their umpiring seminars, which was gratifyingly well attended. Everyone understood English, give or take the odd beamer and bounce. Everyone lapped up cricket's rules. Everyone wanted to do umpiring exams. "We Germans love examinations," chuckled one candidate, setting himself loose on his question paper.

Evidently the written answer suits Germans better than the field of play. Native German cricketers are few on the ground, which last is a problem in itself, looked after as it is by suspicious, often antipathetic German groundsmen, cautious mowers to a man.

But German cricket's main problem is the one which is the scourge of all European cricket: its tendency to be dominated by ex-patriots, from Britain and, increasingly, from India, Pakistan and Sri Lanka. Cricket has been popular for years with the British forces in Germany, but few young Germans are interested in it.

There was not one German in the German team that won this summer's European Cricketer Cup, sponsored by The European and organised by The Cricketer. (In conjunction with MCC). Germany won because their batting was too strong for the other teams: Austria, Switzerland, France, Italy, Malta, Belgium, Greece, Spain and Portugal.

Germany's opener, Aamer Jung, nephew of the magnificent Nawab of Pataudi, demolished France in the final with his 88. His fellow opener, Gary Stevens, one-time bastion of Surrey's Malden Wanderers, was quieter. The team included a fast bowler from Barbados, eligible for Germany because he served in the US airforce on the Rhine for three years; a battery of Asians working in Germany and the captain, a biologist from Sydney. One supporter of Italy, whose team always has at least seven Italian players, said with battered

pride after watching his team lose all four of their Cup matches that he would rather see them lose with honour than win without any Italians.

This year's European Cup was played at Worsop College last July. According to one cricket journalist, "Although the competition was quite hinders for its structure, ten teams playing only four games out of seven and no-one knowing how the matches were picked or located, this was a joyous week of cricket."

There was sunshine over north Nottinghamshire and European flags were flying. The adverts in the programme included one for "French Cricket au Difference". There is a whiff of panache about French cricket. In the south it is a social game for English on the Dordogne. In Paris it is a university and Asian game, with Pakistani, Sri Lankan and Tamil teams. In the north it is largely a French game.

At Chaunay, in north-east France, the local paper gave a willing but uncertain report of an unimpressive weekend at Victor Hugo College, in October 1990 by "Half et Georges Powley, anciens arbitres internationaux." The French captain, Simon Hewitt, who has a French grand-mother and an Oxford blue and plays for the

Paris Universities Club, translated the Powleys' seminar into the grandiose French which distinguishes cross-channel cricket. One does not break the wicket in France; one achieves "la destruction totale du wicket." At the same time, some phrases capture the game's finesse. To spin bowl in French is "donner de l'effet à la balle." Perfect.

Simone Gambino, founder-president of the Italian Cricket Association and the European Cricket Federation, makes mammoth efforts on behalf of cricket. This noble character is at once the driving force and the Attila the Hun of Italian cricket, sweeping all opposition before him. He wages a constant battle in search of the cricketing balance between Italian passion, with its nighttime, floodlit cricket, batsman making huge swipes at every ball, and English reticence, with its afternoon tea and Test Match Special.

The answer, it seems, is style. "You always get the glitterati attached to Italian cricket," said the Powleys. "In Italy, cricket is fashionable." Italian papers cannot get enough of Italy's tiny quota of impeccably dressed cricket teams, leaning on their bats, driving the ball past mezzo-accesso stupido (silly mid-on) and

doffing their caps to the umpires (30 per cent of Italian umpires are female) when given out. Appeals are operative, with much rolling about on the ground and howling to the full moon. Fielding is keen. Batting is whole-hearted, across the line. Bowling is ambitious, appalling, wide. A slow delivery would be as ignoble as leaving a wide unhit, wides are all chased, however far, to be hit for six.

A recent hero of Italian cricket, Manlio De Amicis of Lazio, was described by an Italian commentator in 1988 as "gladiatore" of Italian cricket. That is the style the public like. Italians find one-day cricket a bit long. They like it to be short, sharp and swash-buckling, as with the gladiator's 2 for 35 against the Pizza Express team in Brentwood. What matters is that he came to England on tour. There are only about 20 Italian clubs and their cricket is bad, but they are starting to play further afield and get more experience. Gambino has managed to find sponsors for Italian cricket. He helped make a Cricket World Cup broadcast to Italy and persuaded Martin Crowe to spend two months as Italy's national coach last summer. Everything is unlikely. Anything is possible. Anywhere in Europe.

Sport Insurance/Keith Wheatley

## Taking the risk out of victory

DO NOT be surprised to read in the near future about a generous sponsor offering the England soccer team a multi-million pound bonus for winning the 1994 World Cup. The only thing remaining to be settled is the exact cost of the benefactor's premium on the insured risk of having to pay out on such a surprise victory.

"We have already quoted on this one," agreed Mark Chapman, one of four directors of Tyser Special Risks. All over international professional sport huge bonuses are beginning to replace enormous fees and retainers. The reason is simple. Sponsors can insure against the possibility of a payout (however large) but not the certainty of a salary.

Racing driver Nelson Piquet drove in Formula One without a salary - preferring instead to be given a bonus per Grand Prix point by sponsors Bennet-

ton. They in turn, said Tyser, were almost certainly insured in the Lloyds market for what ever they eventually paid the Brazilian driver.

This subject is one that many sports fans find slightly dubious, without being able quite to explain why. Perhaps it is the notion that one normally insures against calamities rather than the attainment of ambitions.

Certainly soccer teams prefer to keep quiet about their policy of insuring against a promotion they have fought for all season. Financially such a tactic makes sense for them because reaching the Premier League, say, can cost a fortune in mandatory ground improvements and staff expansion.

Millwall Football Club covered the expenses of their promotion with such a policy. Stockport's hapless chairman admitted the existence of a similar policy - which was promptly cancelled by the

underwriter as a breach of the confidentiality clause. At its most sophisticated this strategy enables small companies to compete with the big boys. How, for example, did the tiny shoe company ASICS manage to compete with the likes of Reebok and Nike, the latter paying athletes tens of millions of dollars to employ its footware? Insuring at Lloyds is the answer.

"The only way to get successful in that game is to put your shoes on well-known feet," said Chapman's colleague Richard Woods. Leroy Burrell, Liz McColgan and Olympic gold-medal hurdler Kevin Young have all worn ASICS. Each will have a personal schedule of bonuses to be paid out if certain targets ranging from world records to medals are achieved.

Golf is another sport for contract bonus/prize indemnity, as it is known in the London insurance business. Want to

promise Nick Faldo a squillion dollars for wearing two sweaters and winning two Majors in 1989? Tyser will quote you a rate - after enough research.

"We study form and then quote the odds essentially. Everything from the player's past statistics to the state of his marriage is relevant. The difference between laying off the risk with a bookmaker and insuring is that a betting slip is not acceptable to the company auditors," said Chapman.

Some sports risks relate not to the performance of a well-known professional but to the achievement of an amateur. A hole-in-one is the classic example. Recently a competitor at a pro-am in the US won an uninsured \$1m prize for potting his tee-shot at a par three. It sent shudders round every promoter and did wonders for Tyser.

But Chapman and company will not just write a policy

based on actuarial averages for that hole. Sometimes they will want to walk the course, feel the green. The phenomenon of the "bowl green" is not unknown where the ball travels down towards a hole cut at the exact centre of a shallow depression.

Promoters of angling contests in the US sometimes offer huge cash prizes for fish that break a world weight record. They provide a "moral hazard", according to Woods. Before Tyser will authorise a payout it demands that the fisherman take a polygraph test and that the fish be gutted before expert witnesses. They sometimes turn out to have had an extraordinary appetite for lead shot.

Almost the only sport untouched by Tyser and its competitors is the noble art of "Boxing? That's not one for us thank you," said Chapman. "Definitely a major moral hazard."

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## PROPERTY

# Black Wednesday still casts a long shadow

**N**OT FOR the first time in the past three years, there is a feeling abroad that the UK's doom-laden residential property market may at last have turned. But as with so much else in 1992, Black Wednesday and its effect on confidence continue to cast a long shadow.

Belief in imminent recovery is by no means irrational - it is founded on secure logical tenets of economics. But unfortunately some fundamental economic tenets have been turned on their head in the past few years.

A consortium of life insurance companies that joined forces with the Henley Forecasting Centre last year to model the housing market proved this all too conclusively. It took all factors, such as unemployment, house prices, interest rates and demographics into account and was back-tested to show that it could successfully predict house prices for all periods from 1960. But the model has consistently predicted a rise in house prices for the past 34 months, and instead they have fallen steadily.

According to David Badcock, of GA Life, a new factor must have emerged. He believes this is that infuriatingly insubstantial concept,

*John Authers finds the industry unconvinced that a recent burst of activity represents an upturn*

"confidence". People who once would have been sufficiently happy with their finances to buy, are now too scared to do so.

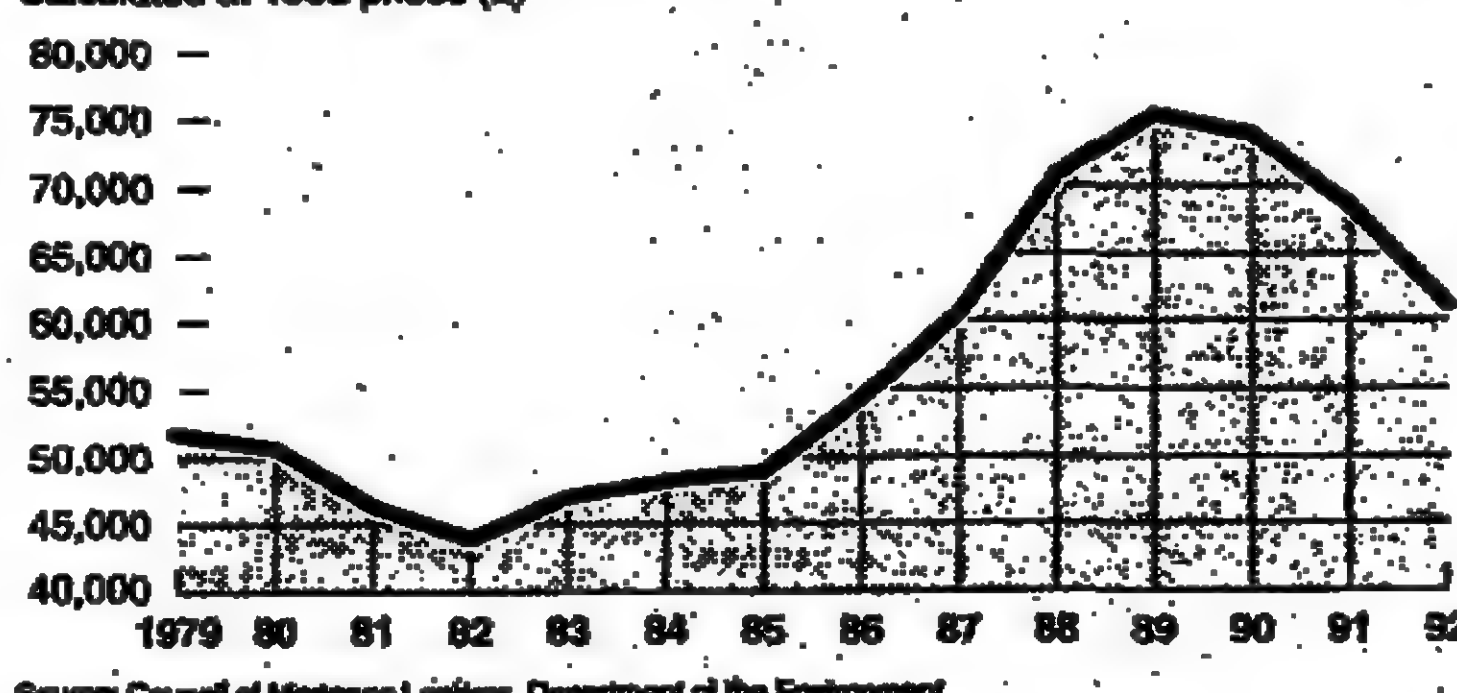
Away from the broader macroeconomic models, the housing market is so diverse that it is possible for anyone to find evidence for any theory.

So why the optimism? Some of the buoyant emotions of the past few weeks come from a sudden resurgence in activity and transactions. Abbey National reported that it had done more gross lending in December, traditionally a bad month for house-buying, than in the usual peak month of August. December was heaviest in special fixed-rate deals, which are more popular than ever.

Estate agents also reported a sudden pick-up in deals in the last two weeks of November and the first two weeks of December. Woolwich Property Services, an estate agency based predominantly in London and the South-East, enjoyed its highest volume of business for three years during this period while GA Property Services saw a 35 per cent increase in transactions on its usual figure for the period.

## UK real house prices

Calculated at 1992 prices (£)



Source: Council of Mortgage Lenders, Department of the Environment

Norman Lamont's autumn statement also injected life into the market by providing housing associations with extra cash to buy repossessed properties. This has stimulated private developers into action and Bernard Marcus, the auctioneer, reports that prices on auctioned London properties are beginning to increase. Repossession prices may, therefore, have hot-tomed out.

The first swallows of spring?

Senior figures within the housing industry remain unconvinced. Adrian Coles, of the Council of Mortgage Lenders, says: "I'm not putting any weight on it yet. Mortgage lending will show a very slight increase, but it's still not back to where it was."

Michael Goodsell, of Royal Estates, reports that optimism is appearing at the grass roots of his estate agents' offices. "I suppose they have to be optimistic because

that's in the nature of their job. Let's hope it's justified."

The recent pick-up in activity does not yet outweigh the sharp downturn in activity following Black Wednesday, when the UK left the exchange rate mechanism and base rates briefly reached 15 per cent. This had a devastating effect on confidence and Goodsell reports that sales levels dropped 35 per cent in the following weeks - at a time when they might normally have been expected to stay buoyant.

Many would-be buyers simply pulled the plug on well-advanced deals and the current upswing may be caused by these deals going through at last.

But so many second-time buyers have been withholding their property from the market as prices fall and so many potential first-time buyers have been sheltering in rented accommodation that everyone seems confident the market will speed up next year.

Precise estimates vary. Martin Ellis of the Woolwich building society is predicting a rise of 12 per cent in transactions for next year, while John Wrigglesworth, housing market analyst for UBS Phillips & Drew,

expects a rise of 15 per cent. Derek Taylor, of Halifax Property Services, is expecting a rise of 10 per cent, but points out that this is no reason for celebration, given this year's fall of 15 per cent.

A pick-up in demand for houses such as this would normally stimulate prices. But the UK's over-supply of property lies at the heart of disagreement over the course prices will take.

Wrigglesworth is predicting "more pain before gain", and expects the overhang of supply to mean another 5 per cent fall in house prices before a modest recovery at the end of next year.

A more common view, however, is that cheap mortgages and the changed cost of renting versus buying should be enough to keep the market stable for the next 12 months, with a possible slight recovery in nominal house prices at the end of the year.

Few expect house prices to outstrip inflation, so in real terms most analysts believe houses will become slightly cheaper over the next year. Coles is more optimistic than most and points out that statistics are not available to show how much

of the supply overhang is on the market already and how much is being rented. For example, he suspects that much of the overhang from inherited houses is being rented. Coles believes Wrigglesworth may therefore have overestimated the effect that the supply overhang will have on the market.

Affordability is the point sustaining the optimists. As house prices and mortgage rates fall while average earnings rise, so the argument goes, a house becomes easier to afford. This has traditionally been regarded as the crucial factor driving the property market - and houses had become extremely expensive by 1990.

But affordability had already returned to a level in line with the historic trend by September. Black Wednesday, followed by a fall of 3 percentage points in base rates should have seen the market take off. Instead, house prices fell by around 3 per cent, according to the indices published by the Halifax and Nationwide building societies.

The damage Black Wednesday inflicted on confidence was even greater than the good it did for housing affordability. A serious recovery in prices must await a recovery in the confidence in the management of the UK economy.



The 428-acre Hendon Manor estate in Kent, which came on to the market in 1990 at £4m is still unsold, even though its price has been reduced to £2m

## Notable sales disguise a lean year

**A**LTHOUGH most estate agents agree that we are at the bottom of the recession, the overhang of unsold properties means prices are unlikely to soar next year, although some could rise as buyers compete for better properties.

"It has been as difficult a year as I can remember, with very few buyers around," says James Laing of Strutt & Parker.

In spite of this, Laing was involved in two of the most notable sales of the year, both in Hampshire: the 2,000-acre Conholt Park estate, for which the Dutch businessman Paul van Vliet paid £5.7m, and the 1,850-acre West Tisted Manor estate, bought for more than £5m by a local family.

In spite of the Conservative election victory, it took Britain's departure from the exchange rate mechanism to draw foreign buyers back to Britain, as was demonstrated by three recent sales by Knight Frank & Rutley. The 406-acre Sarsden House estate in Oxfordshire was sold to Mercedes-Benz heir Mick

Flick for more than £5m.

Grove House, a Nash villa in Regent's Park exquisitely restored by the Australian businessman, the late Robert Holmes à Court, was sold for about £12m to the Sultan of Oman.

Aberconway House in Mayfair, which failed to sell for £12.5m as offices two years ago, was bought by the Emir of Qatar for about £5m.

"I think we are at the bottom of the recession," says Patrick Ramsay, of Knight Frank & Rutley. "I am optimistic about the market next year. There is no good financial reason for potential purchasers to wait any longer."

Geoffrey van Cutsem, of Savills, adds: "The only way is up, but it will be a desperately slow recovery. If anything, prices are too low now, and we may see some gazumping as buyers who have been sitting on the sidelines decide to come back into the market."

This year, properties on the market frequently had only one serious bidder, but when Humberts sold Knoyle Place, at East Knoyle, Wiltshire, this summer

six people were willing to pay more than the asking price of £1m. The 18th century house incorporates a 17th-century rectory in which Christopher Wren spent the first three years of his life. A sale was concluded at about £1.2m.

That was also the price paid for the Lyett-Green's 200-acre Manor Farm at Huish, on the edge of the Wiltshire Downs. When Savills put this property on the market in September, inviting offers of more than £1m, it attracted seven serious bidders who were invited to a private auction.

The only stately home sold this year was Brympton d'Evercy, the Grade I listed Tudor house near Yeovil, Somerset, which had been in Charles Clive-Ponsonby-Fane's family since 1731. Realistically priced when it was placed on the market in June with 25 acres, it attracted considerable interest and was sold for more than £550,000.

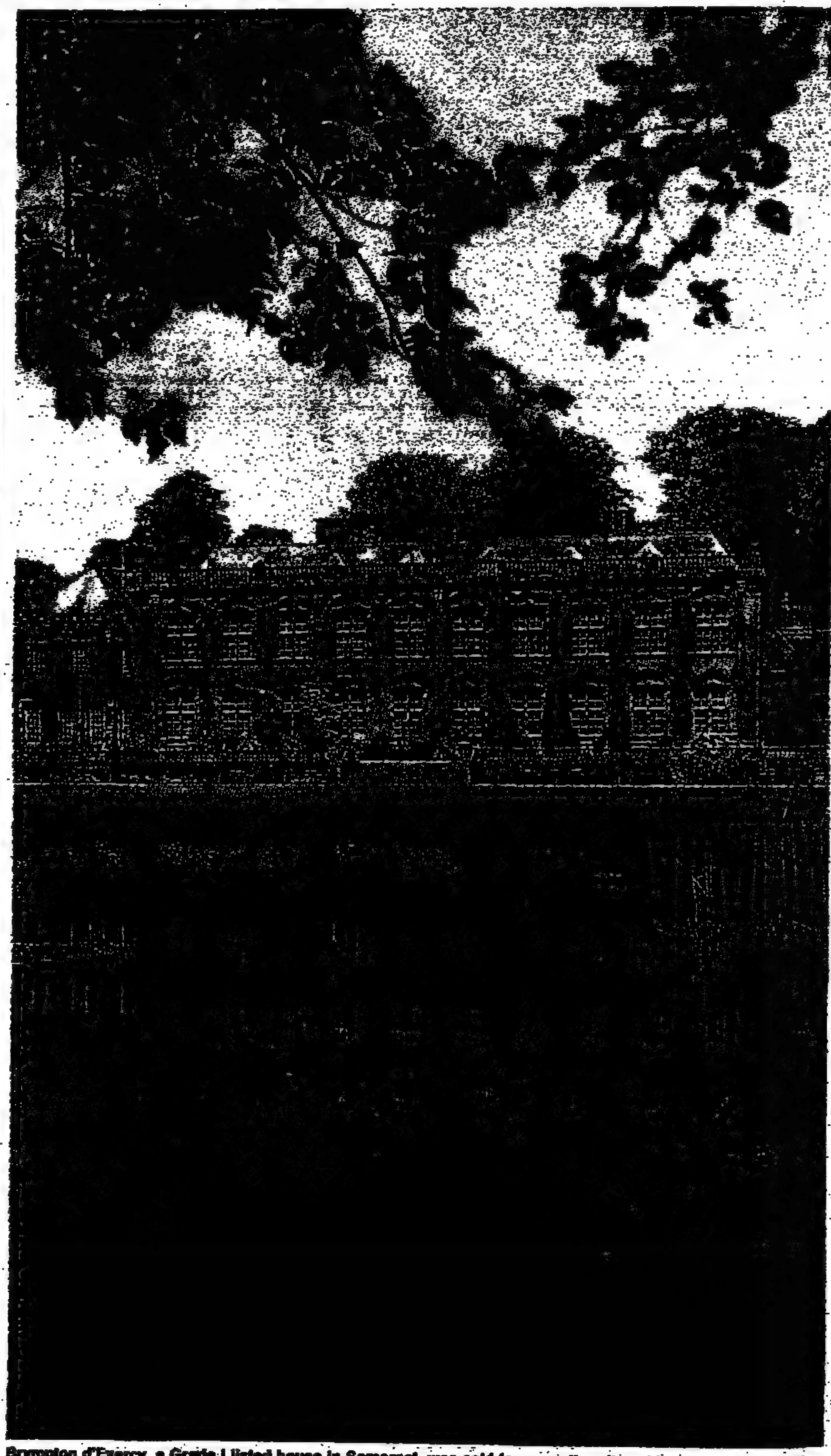
As the year draws to an end, Strutt & Parker is expecting to announce the sale of the late Jim Joel's Chidwick Bury Stud in Hertfordshire and the his-

toric Herstonmoss Castle estate in Sussex, where it is acting for the receivers of James Developments.

Savills expects to announce the sale of Chandlings Manor, an Oxfordshire farmhouse extended at a cost of several millions by a Lebanese businessman, Farid Wakim, who has since died, into a property that Leisure Investments had agreed to buy for £5.4m when it went into liquidation in 1990. Sold by the receivers in 1991 for £2.5m, it came back on the market three months ago priced at £1.95m.

A sale appropriate for the season was made by Viscount Esher, former president of the Royal Institute of British Architects. He sold Christmas Common Tower, the four-storey house he built 25 years ago in Old Deer Park, Watlington, Oxfordshire, for £350,000 through Knight Frank & Rutley and Hamptons. It had been on the market for about six months.

Michael Hanson



Brympton d'Evercy, a Grade I listed house in Somerset, was sold for more than its asking price of £550,000

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### LEGAL NOTICES

#### THE HIGH COURT

IN THE MATTER OF:

BARCLAY GROUP PLC

AND IN THE MATTER OF:

THE COMPANIES ACTS 1983 - 1990

Notice is hereby given that the Order of the High Court of England dated the 21st day of November 1992, confirming the reduction of the amount standing to the credit of the Share Premium Account of the above named company in the sum of £12,29,837,370.00 and the Minute approved by the Court showing with respect to the share capital of the Company the several particulars required by the above Order were registered by the Registrar of Companies of England on the 21st day of December 1992.

Dated the 21st day of December 1992.

Signed: William Fry, Solicitors,

Franklin House, Whitehall Place, Dublin 2.

### PERSONAL

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## Cookery / Philippa Davenport

A labyrinth of snares they travelled,  
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To Roudish due,  
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From snowdrop time to winter blizzard,  
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Each Saturday's semantic wizard  
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## MINDING YOUR OWN BUSINESS / FINANCE AND THE FAMILY

**I**T HAS been a difficult year for small businesses. Although they can respond more flexibly to change than their larger counterparts, the relentless pressure on finances, management time and morale exerted by the recession has been hard to cope with.

More than 46,000 businesses - most of them small - failed in the first nine months of the year, an increase of nearly 40 per cent on 1991, suggesting the total for the year will be more than 60,000.

Increased failures are to be expected during a recession. Usually they are matched by a healthy number of new start-ups. But there are signs that the ability of the sector to regenerate itself has been weakened. Figures for 1992 will not be available for some time, but in 1991 the net number of companies registering for VAT (new registrations minus de-registrations) was just 3,000 compared with 55,000 the year before.

This slow-down need not be a serious cause for concern provided the numbers recover in line with the economy. Britain's record in creating new businesses over the past decade has been a good one - better than that of most other developed countries. Where it has fallen down is in creating the medium-sized companies which are the strength of the German economy.

Government policy-makers have accepted this argument and are adapting programmes accordingly. The nation-wide network of business advice centres known as one-stop shops - launched in July by Michael Heseltine, the trade and industry secretary - is intended to target the established small and medium-sized business, not start-ups.

The main problems facing the business owners themselves have been a lack of cus-

## Past imperfect, future tense

Charles Batchelor on the plight of small companies

tomers, demand, the cost of borrowing, sometimes prickly relations with their bank managers, and the tardiness with which their customers settle their bills.

Bank base rates have fallen during the year from 10.5 to 7 per cent but, with inflation still going down, real interest rates remain at a high level and businesses are pressing for further cuts. Small firms can expect to pay several points above bank base, anyway.

Complaints about interest rates led to renewed accusations in the autumn that the banks were not passing on base rate reductions in full. These were denied, but they highlighted once again the fragility of the banks' relationship with many of their small business customers.

The chief concern of small businesses has been the more restrictive attitude the banks have taken to lending. Many firms have found overdraft and loan facilities frozen or reduced. There are serious concerns that the banks will be unwilling to finance small firms' increased demands for loan finance when the upturn comes.

Business organisations are equally worried about a looming shortage of equity capital. With the exception of an ambitious venture capital programme launched by Midland Bank, and the launch of a handful of local venture funds, there has been a further contraction of the venture capital

industry. This was compounded by the chancellor's announcement in his March Budget of the abolition of the business expansion scheme at the end of 1993.

The late payment of debts has become an even more pressing problem over the past year. There is very little pressure that small businesses can bring to bear on large customers when they delay paying their bills.

The government announced in March that large companies would have to disclose in their annual reports how quickly they paid their suppliers. It

also said it would insist that main contractors on government contracts paid sub-contractors within 30 days. But there is considerable scepticism about the value of these measures, although slightly more is expected from a proposed simplification of court procedures for collecting debts, announced at the same time. The government remains opposed to the introduction of an automatic right to interest on unpaid invoices.

Small business complaints about "red tape" produced a response earlier this month when the government

announced a beefed-up campaign to root out bureaucracy. An inventory of the challenges facing business revealed no fewer than 6,000 pieces of legislation and 2,500 forms affecting business.

The past 12 months have been difficult enough but recovery, when it comes, could exact an even heavier toll than the downturn. If previous upturns are any guide, failure rates increase when businesses attempt to expand and their finances become overstretched.

Amid the general gloom, however, there are companies which are doing well. A combination of careful management, tight financial controls and luck has allowed many businesses to swim against the economic tide. It might be little consolation to those that have not survived, but the fact that people are now concerned about the plight of small businesses shows the extent to which their contribution to the economy has, belatedly, been recognised.



Hard times: many small business owners have joined the army of unemployed

### COMPANY NEWS SUMMARY

#### TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price of bid	Value of bid	Bidder
Blissett	5.4	21.2	41.2	7.50	Abbot Higgs
Cadell May Rob.	100	84	54	126.51	AAH Higgs
Evde	89.99	96	72	94.30	Wassall
New Cavendish	46	46	6.44	6.44	Broadfield Prop
Simpsons Combit	35	32	62	1.51	Baldwin

\*All cash offer. \*\*Cash alternative. \$For capital not already held. \$Unconditional. \*\*Based on 2.30 pm prices 23/12/92. \$5Shares & cash alternative. 1 Price at suspension.

### PRELIMINARY RESULTS

Company	Year to (2000)	Pre-tax profit	Dividends	Per share
Abbey Panels Invest.	Sept	1,820 L	(234 L)	-
Banker Invest. Trust	Oct	5,890	(5,380)	3.64
Brunner Inv. Trust	Nov	3,470	(3,500)	5.43
Chrysalis	Aug	5,630	(9,330)	28.02
Dwyer	Sept	5,800 L	(3,890)	-
Group Dev Cap Tel	Sept	1,011	0.3	0.23
Kleinwort Kliff	Nov	4,170	(4,440)	5.14
Kleen-oze Holdings	Aug	86	(1,140)	0.6
Minersgate	Aug	1,200	(2,180)	0.72
Sycamore Holdings	Sept	620	(548)	0.61
Turkey Trust	Oct	601	(605)	6.13

### INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit	Interim dividends	Per share
Abnott Preferred	Nov	683	(817)	2.91
Aida	Nov	54,800	(89,800)	0.5
Bailings	Oct	3,100	(4,180)	-
Border TV	Oct	519	(509)	1.3
Dance Invest. Trust	Nov	229	(239)	3.375
Electric & Gen. Inv.	Nov	1,710	(1,550)	1.5
F & C Smaller Co's	Oct	3,380	(2,330)	0.88
Faulstich	Oct	83	(811)	1.85
Flecker King	Oct	71	(103)	0.5
Forminster	Nov	987	(987)	4.04
I & S Optimum	Nov	1,720	(1,710)	3.70
Kerry & Stone	Oct	2,270	(2,020)	1.75
Jones & Shipman	Sept	981 L	(2,490 L)	-
New London	Sept	764 L	(2,270)	-
Sublime Speakman	Sept	580 L	(1,800 L)	-
United Industries	Oct	631 L	(809 L)	-
Vicars Holdings	Jun	77 L	(108 L)	-
Victor Corp	Sept	227	(883)	-
Worth Inv. Trust	Sept	3	(84 L)	-

(Figures in parentheses are for the corresponding period.)  
\*Dividends are shown net of tax per share, except where otherwise indicated. L, loss. \$ not revenue. \$ Gross income. \$ Irish pounds & pence.  
Net income: 2 figures for 27 weeks. \$ US dollars.

### OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Abnott to raise £4.8m by way of an open offer and placing of 44.3m shares at 12p each on a 7-1 basis. Brake Bros to raise £3.7m by placing 2.2m new ord. 10p shares at 38p each. Bute Resources to raise £11.5m via an open offer of up to 10.18m shares at 1p on a 2-1 basis. Dene Exploration to raise £150,000 via an open offer of 15.87m shares at 1p each on a 2-1 basis. International Food Machinery to join Stock Market through a £3.8m placing at 51p a share. Plantsbrook to raise £2m through placing 3.8m shares at 60p each. US Smaller Companies to raise £40m via a placing and open offer in the form of 100p units which will be convertible. shares.

### RESULTS DUE

Company	Announcement due	Last year	This year
INTERIM DIVIDENDS			
Whitney Mackay-Lewis	Tuesday	0.75	1.25

\*Dividends are shown net of tax per share and are adjusted for any intervening scrip issue.

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## Capital gains allowances

THE TABLE shows capital gains tax (CGT) allowances for assets sold in November. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it.

If you subtract the result from the proceeds of your sale, the result will be your taxable gain or loss.

Suppose that you bought some shares for £5,000 in April 1986 and sold them in Nov-

ber 1992 for £15,000. Multiplying the original cost by the April 1986 figure of £1,430 gives a total of £11,410.

Subtracting that from the proceeds of £15,000 gives a capital gain of £3,590, which is below the 1992-93 CGT allowance of £5,800. If you realised no other gains during the year, the profits should be tax-free.

If you sell shares bought before April 6 1982, you should use the March 1982 figure.

### CGT INDEXATION ALLOWANCES: NOVEMBER

Month	1982	1983	1984	1985	1986	1987
January	-	1,681	1,609	1,532	1,451	1,397
February	-	1,684	1,602	1,519	1,446	1,391
March	1,759	1,681	1,597	1,505	1,444	1,389
April	1,724	1,657	1,576	1,474	1,430	1,372
May	1,712	1,651	1,570	1,467	1,423	1,371
June	1,707	1,647	1,566	1,464	1,429	1,371
July	1,706	1,638	1,558	1,457	1,433	1,372
August	1,706	1,631	1,553	1,453	1,428	1,368
September	1,707	1,623	1,550	1,454	1,421	1,364
October	1,698	1,618	1,541	1,441	1,419	1,358
November	1,680	1,612	1,536	1,458	1,407	1,351
December	1,693	1,606	1,537	1,455	1,402	1,352

Month	1988	1989	1990	1991	1992
January	1,352	1,259	1,169	1,073	1,030
February	1,347	1,250	1,162	1,067	1,025
March	1,342	1,244	1,151	1,063	1,022
April	1,320	1,222	1,117	1,050	1,006
May	1,315	1,215	1,107	1,046	1,003
June	1,311	1,211	1,103	1,042	1,003
July	1,308	1,210	1,102	1,044	1,006
August	1,295	1,206	1,091	1,042	1,006
September	1,289	1,198	1,080	1,038	1,002
October	1,278	1,189	1,072	1,034	1,000
November	1,270	1,179	1,075	1,030	999
December	1,267	1,176	1,076	1,029	999

Source: Inland Revenue

## Software

### It pays to put your budgeting on record

**T**WO YEARS ago, I resolved to put our domestic finances on a computer. Never before has an effort at self-improvement had such long-lasting results. Computer budgeting has, of course, proved what experience had strongly suggested already: namely, that if it isn't one thing it's another. A nasty noise from the clutch or a prime William Gear at Christie's - there is rarely a month that doesn't involve a large and wholly unpredictable expense.

But it really does help to have things in order. Doing the income tax remains a chore but is no longer a nightmare. Decisions, large and small, are much easier.

A newcomer called Quicken is undoubtedly the computer budget program to go for. It is priced modestly, easy to use and full of useful features. Until the end of January, purchasers of Quicken can receive (for less than half price) a copy of "Tax Reckoner", a sound piece of software which I recommended in 1991.

It is distressing to think about income tax at all in these precious weeks between the discharge of one's 1992 obligations and the arrival of the 1993 return form on the mat. But if you can bear to get to grips with Tax Reckoner now, you will find it a powerful assistant later. Its authors can supply an annual update to accommodate changes introduced in the Budget.

If you do not have a hard disk on your home computer, perhaps because it is an old office model, consider an idiosyncratic budget program called Personal Cashflow. The unusual thing about it is that you do not have to call for a "report" when you want to survey your finances. You type "V" (for View) and there it all is.

Quicken includes portfolio management among its many virtues. It lacks some of the more sophisticated forms of graph, and share prices cannot be updated automatically by telephone, but it includes all basic facilities and some useful extras.

For instance, you can assign an "investment goal" to a share or an asset, according to your ambitions for it (income, capital growth, maximum safety, or whatever), and monitor the subsequent performance of a group of shares with a common goal.

There are great advantages in having your share portfolio and the rest of your finances

convert old purchase prices into their modern, index-linked equivalents. These features supplement and give further meaning to price graphs and the graphs themselves are wonderful.

High among my frivolous resolutions for 1993 is a face-to-face encounter with double-entry bookkeeping. I do not understand debits and credits. To me, the terminology seems willfully perverse, but I am determined to master it. To this end, I will use the computer-assisted course published by Ivy Educational Publishing. I have worked successfully through other courses offered by Ivy. They can teach me bookkeeping if anyone can.

Quicken costs £49.95 from Inuit Ltd, Manor Court, High Street, Harmondsworth, West Drayton, Middlesex UB8 3AQ. Freephone 0800-545-058. Fax 081-759-2077. Until the end of January, Quicken and Tax Reckoner are available as a package from Inuit for £99.

Personal Cashflow: 21 costs £65 from Majeno Software Ltd, 5 Hatter's Croft, Cockermouth, Cumbria CA13 9RJ. Tel. 0900-324-945. Fax 0900-324-332. A demonstration disk is available.

Stockmarket 2 costs £49.95 from Meridian Software, Amberley House, The Park, Sidcup, Kent, DA14 6AL. Tel. 081-309-5960.

Fairshares 6.5 costs £99 plus £10 for postage and packing from JSL Software Ltd, Freeport 3 West Street, Essex, Saffron Walden, Essex, SG8 7AL. Tel. 0372-741-969. Fax 0372-73893. Other versions of the program have more features and cost more. A demonstration disk is available.

Write to Ivy Educational Publishing plc, Ivy House, 233/235 Roehampton Lane, London SW15 4LB for a list of its computer-based financial courses. Tel. 081-780-1494. Fax 081-780-1420.

## Follow those directors

**S**HARE DEALS by directors tend to be studied for the clues they give to the prospects of the individual company concerned. But they can also be assessed on a larger scale.

We can examine movements in the buy/sell ratio, produced by dividing the total number of purchases by directors by the number of sales. In the US, where this data has been collected for many years, the long-term average is around two sales for every purchase.

Our experience is rather more limited - we started in May 1990 - but tells a different story; the UK average is two purchases for every sale. The fact that stock market conditions have been difficult over the past three years might help to explain the difference. In happier times, the UK ratio would, no doubt, move closer to that in the US.

The year started with just over two purchases for every sale. Between February and April, the volume of selling rose, driving the ratio down to its low point for the year - in May, we recorded just 1.26 purchases for every sale.

Historically, directors' transactions have proved an accurate indicator of market movements but, in this instance, political uncertainty caused even traditionally resolute directors to take profits. The prospect of higher personal taxation proved a distorting factor.

Thereafter, the buy/sell ratio resumed its role as a leading indicator. As the market fell

back in July and August, directors accumulated shares at a prodigious rate so that, in August, the buy/sell ratio had soared to 4.87:1.

This volume of buying was far greater than anything seen since we began monitoring directors' transactions. It also marked neatly the turning point for the market. In November, the buy/sell ratio stood at 2.8:1, almost back at the level it started the year.

At the individual company level, any scientific summary of performance is well nigh impossible in a weekly column, but there is a mass of evidence

have recovered strongly and now stand at around 300p.

The UK construction industry has endured what many would describe as its worst recession since the war. But a bargain is still a bargain, so readers should have noted purchases totalling 150,000 shares by three directors in Taylor Woodrow in October. The price paid was around 36p; the price now is close to 60p.

Directors of Tarmac have been accumulating stock off and on for most of the year, but the most remarkable purchase was the 200,000 shares bought by Sir Anthony Bam-

in August. Charles Allen was appointed to head Granada's television operations and, at the same time, he bought 85,000 shares at 235p.

Three weeks later, Gerry Robinson, who had been appointed chief executive earlier that year, acquired just under 200,000 shares at 247p. Recent results revealed profits far in excess of brokers' forecasts and the shares have soared to 333p, close to their high for the year.

Close scrutiny of the sales can be equally rewarding. Our vote for best-timed sale of 1992 goes to Peter Linacre, chief executive of Caird Group, the land-fill and waste treatment company. On March 27 1992, he sold 2,822,270 shares at 85p. He did not hang on to a single share. With the price now languishing at 14p, he saved himself a cool £188m.

Sometimes, trends continue from one year to the next. In 1991, Paul Hyde Thompson sold well over 300,000 shares in Bstock Johnson, the brick manufacturer, at prices around 93p. He sold a further 163,000 shares at much the same price in May this year, since when the shares have been on the slide. One of the few companies in that sector not to enjoy a post-devaluation rally, they are stuck at their low point for the year - just 36p.

While there have been instances of directors getting it wrong in 1992 - Cyril Stein at Ladbrokes is perhaps the best example - the evidence suggests that they are still well worth following.

### Colin Rogers, of Directus Ltd, looks at boardroom share deals in 1992

which lends credibility to the predictive ability of directors.

Some sectors achieved a high profile because of the greater propensity for directors to deal, be it buying or selling. The buying sectors included building materials, contracting and construction, oil and gas, stores and property, while directors of insurance brokers and food retailers were conspicuous sellers of stock.

Many companies in these sectors have featured regularly over the past year. One such is Berkeley Group, the house builder. Two directors bought shares at 224p in July and six directors then bought more heavily a few weeks later at the low point of the year, just 186p. Since then, the shares

ford at 70p at the end of July. He is already sitting on a profit of more than 50 per cent.

Boardroom buying might have been most conspicuous among construction companies but the prize for consistent purchases almost certainly lies with Burton, the high street chain which includes Top Shop and Dorothy Perkins. Over the year, we recorded a total of 10 purchases by eight different directors. They averaged about 34p, just half the present price.

The purchase of shares by someone newly appointed to the board should be studied carefully. If it is an internal appointment, then the share buying should prove more instructive, but beware of token purchases by outsiders.

## A Crown servant's gilt complex

I am a Crown servant employed overseas. As such, I am classed as non-resident for capital gains tax and on the interest paid on exempt gilts.

What treatment is applied to income from exempt gilts in the tax year in which I return to the UK and resume normal tax status? Is tax levied for the entire tax year in question, or only after my return home?

The existing exemption ceases from the day upon which you are regarded as having again become ordinarily resident in the UK. The position may be different if the gilts are held on the National Savings register, because of the quirky effects of the preceding-year basis (which is under review).

Ask your tax office or Public Departments (Technical Unit) Foreign Section, Ty Glas, Llan-lanthen, Cardiff, UK, CF4 5WN for the free booklet IR20 - Residents and Non-residents

Liability to tax in the UK. The position could also be different if you hold 3% per cent War Loan (not in bearer form), or if any holdings produce less than £2.51 interest each half-year.

### School fees and IHT

OUR SON is unable to meet the heavy cost of private schooling for his young son. We have agreed to do so. Should we pay the school direct or make the payments to our son (in which case inheritance tax rules may apply)?

There are certain provisions which enable a person to make a disposition in favour of a child, but the exemption arises only if that person is not in the care of a parent in accordance

with section 11 IHTA 1984. Therefore, we do not believe this exemption would apply.

Whether you make the payment to the child or directly to the school does not appear to matter, as it would still be regarded as a transfer value because your estate would be diminished by virtue of the disposition. Therefore, we would expect the payment to be subject to inheritance tax.

You each have an annual exemption of £3,000 but, in addition to this, Section 21 IHTA 1984 provides an exemption for normal spending out of income. If it can be shown that the payment was made as part of your normal spending, and that it was made out of income; and that, after allowing for the transfer value, you were left with sufficient income to maintain your normal standard of living, then this exemption might apply.

If your income after tax and

normal spending is greater than the payment for the private schooling, then this exemption might apply, especially if it has an income nature in that it is a regular recurring item.

(Reply by Barry Stillerman of accountant Stoy Hayward.)

### CGT for a shareholder



## FINANCE AND THE FAMILY

## The most innovative products of the year

John Authers asks independent advisers for their choices – and fixed-rate mortgages are both top and bottom of the list

**I**F YOU took out a fixed-rate mortgage at the beginning of this year, you made a bad bet. Nobody is criticising the institutions who were offering them – the rates were probably as cheap as it was possible to guarantee. But the timing, we now know, was all wrong.

The UK's base rates, and their bizarre behaviour, made timing in 1992 even harder than in most years and lay behind the success and failure of many products. Truly good deals, when they were offered, needed to be accepted with an indecent haste that few people care for when making far-reaching financial decisions.

Double-digit fixed-rate mortgages are just one example of the products which consumers might have regretted choosing in 1992. But what were the truly innovative products of the year? We asked a panel of independent advisers to pick products which made more of a mark, or aroused more controversy, than most.

**National Savings' FIRST Option Bond**  
This product was too good for the building societies or, ultimately, the government to bear.

NS decided to invade the societies' traditional territory by offering a bond on which basic-rate tax had been paid already, offering a fixed rate for one year.

The rate NS chose, 10.34 per cent gross on July 7, was better than anything else on the market, and it came underwritten by the government.

Understandably, there was a quick rush for it. On July 16, the Cheltenham & Gloucester raised its mortgage rate so it could offer a competitive savings return.

Within days, the interest rate on FIRST had been cut and the product is now not available, although it could return. With base rates now down to 7 per cent, any basic-rate taxpayer who piled in at the start must feel very happy.

An offer from National Savings which went on rather longer, and with hindsight looks attractive, was the Fifth Issue Index-linked Certificate, guaranteeing to beat inflation

by 4.5 per cent over five years.

**Providence Capital Building Society Bond**  
Providence Capital revolutionised the world of single-premium insurance bonds with a scheme that made no front-end charge and allowed investors an instant exit without penalty. For the many taxpayers who could benefit from the peculiar tax advantages of the bond, it was an excellent new home for their money. The bond shops around to find the best rate from building societies, and avoids anything more risky.

Falls in savers' rates have harmed the product, according to Peter Hargreaves, of Hargreaves Lansdown. To stay competitive, building societies have been slow to follow base rates down for individual savers, but the rates do offer to institutional savers such as Providence Capital went down straight away. So, for the time being, the product looks uncompetitive. But the other savers' rates will come down in due course, and so Hargreaves still names it his product of the year.

**Hypo/F&C Secure Growth Protected Capital Plus**  
This was arguably the most talked-about of the many new "capital guaranteed" products which used derivatives to guarantee investors that their capital would not fall, while also offering them a share of any stock market upside. These products are attractive for many investors, as the fear of capital loss is the factor which inhibits most people from taking advantage of long-term growth in equities.

But Hypo/F&C's product has also provoked controversy. The bulk of the fund is invested in deposits, to fund the guarantee, and the rest goes into derivatives to buy exposure to the market. F&C calculates that this allows it to guarantee 60 per cent of the rise in the index for each three-month period.

After every three months, you are free to exit. The capital will not have depreciated (unless one of the banks with which it is deposited has gone under), even if the stock market has gone down.

If the fund has risen 10 per cent,



then, so the theory goes, the investor's money will have risen 10 per cent, and this will be frozen in to the value of the investment. Richard Boynton, of Boynton Financial Services, names this as his product of the year.

Hargreaves has doubts, though. He points out that falling interest rates mean F&C will have to put more money into deposits to back its guarantee. That means buying less exposure to the market. Hargreaves believes it could be as little as 30 per cent of any rise in the index.

He says: "I personally believe that while the F&C product was probably the most innovative product of the year, it has probably been killed by the 3 percentage point base rate

cut."

**BESSA Blue Chip and Johnson Fry Mortgage Express Flexible Growth Scheme**  
These products, launched at the end of August, changed the face of the business expansion scheme and are likely to dominate the tax shelter market from now until the abolition of the BES at the end of next year.

John Bridel, of Trower Law, rates these as the products of the year. There were two new wrinkles which put them ahead of previous schemes. First, they came underwritten by high street banks, offering as much security as small investors could reasonably hope for. Second, they used non-recourse loans to allow investors to realise a

return within a year – or even, in the case of BESSA Blue Chip, within six months.

This was done solely by relying on the tax relief for top-rate payers. After a year, the banks agreed to make a loan of 76p for every £1 invested (or, in other words, for every 60p after tax relief), translating into a thumping annual return. The only security for the loans was the BES shares themselves, so people who took the loans were at no risk of being pursued if the investment turned sour.

**James Capel's Footsie fund**  
The only "special" thing about this offer is its simplicity. But this is why Graham Hooper, of Chase De Vere, names it his product of the

year. Capel's unit trust was well marketed, and undertakes to track the performance of the FT-SE 100 index, the most commonly quoted measure of the UK stock market's performance. It will make no attempt to outperform, but neither will it underperform.

As unit trusts tend to underperform their target indices, this fund has every hope of doing better than most, and investors can find out how their money is doing just by checking the latest level of the FT-SE. Indexation has caught on during the year, and this could be the harbinger of more tracker funds.

**Other products**  
More general products for which this was a good year include international bond unit trusts – which, interestingly, were the flavour of the month with fund managers in 1991; on this occasion, the industry appears to have got it right.

That said, these funds were helped by the huge boost they got from sterling's devaluation in September. Average performance for the sector to December 1 was 15.81 per cent, according to Microcap, while the leader, MGM International Bond, achieved growth of 22.14 per cent.

What of the real investment "dogs"? None of our experts thought any individual products deserved to be singled out for this accolade. But several investments proved to be a very bad idea.

Those who became Lloyd's "names" in time to catch the underwriting year of 1989 have not done too well: total losses, payable this year, were £2.06bn. Gold also lost its lustre, even though it is the traditional safe haven in times of international tension and depression. At the start of the year, it was worth \$348.55 a fine ounce. By late December, following some wide fluctuations, this had dwindled to \$335.05.

John Cole, of Berry, Birch & Noble, says this could be remembered as the "with-profits year." In January there was a strong fashion for with-profits bonds, which were sold in some cases as a one-way bet alternative to building societies. By the end of the year, Lauto had

rapped several companies for misleading advertising material.

Many bonds had been forced to apply market value adjusters (which meant that investors came away with less money than they had invested), and a few offices had withdrawn the bonds because they were putting too much strain on their reserves. A lot of advisers believe this is not the end of the story and that the bonds will prove themselves as long-term investments; but it does not look good.

Cole also points out that this has been a bad year for pensions. Final salary schemes are feeling the strain, and money purchase schemes are coming under the dual pressure of indifferent fund performance and falling annuity rates. Meanwhile, the expectation of further legislation – once the Goode committee has reported and the government has decided how to equalise pension ages – is not making the life of the retirement savings industry any easier.

But back to fixed-rate mortgages. As we now know, January was a dreadful time to borrow money. Fixed-rate mortgage offers then included 10.55 per cent for three years from Abbey National, or 10.8 over five years. Leeds Permanent offered 11.35 per cent for 20-25 years.

At the time, they looked good. But a first-time buyer borrowing at the end of November could have a fixed rate of 6.99 per cent for three years from the Abbey – a third less than was offered 10 months earlier. That offer was worth accepting, and it was snapped up within weeks. Fixed rates are now rising.

The other exceptional long-term mortgage offer came from the Halifax, which capped mortgage payments at 9.29 per cent until the year 2000. That offer has also sold out.

The smartest savers may be those who fixed their savings bank in January. According to Chase De Vere, the best rates for guaranteed income bonds came on January 3: 9.3 per cent over one year from General Portfolio, and 9.35 per cent over five years from Providence Capital. Anyone who opted for one of those can afford to feel smug as 1993 nears.

Diary of a Private Investor for 1993  
Difficult, but the chances are there

**T**HE PRIVATE investor can look forward to an interesting – but challenging – year in 1993. Interest rates in the UK ought to fall a bit further, so cash in the bank will lose some of its attractions. But what else is there to be had?

The government is keen to raise money in order to finance its spending plans. So, it is likely to try to ensure it gets a good price when it sells its remaining shareholding in British Telecom – which is worth more than £50m.

But who wants more BT shares? Surely the institutions have enough of them already, and even foreign investors have had ample opportunity in the past to buy. So what will induce them to acquire even more? The vast majority of private investors have also, at one time or another, bought BT shares during its privatisation.

The government will, therefore, have to try to show that the UK economy is improving in order to attract foreign buyers to BT, and it will have to offer considerable "perks" to private investors in Britain if the issue is to be a success. But can it deliver?

The best way to encourage wider share ownership, and promote renewed interest in BT shares from private investors, is for Chancellor Norman Lamont to use his Budget next spring to give them the same tax advantages that are available now to pension funds and some other types of institutional investor.

An individual should not be forced to deal via a personal equity plan or other fund manager in order to gain tax advantages: these should be available automatically for anyone investing directly in shares. This would save investors a large amount in fees.

In 1990, the government agreed that stamp duty on share transactions would be abolished when the City's electronic share settlement system, Taurus, began operating. Stamp duty ought to be ended in the Budget rather than waiting for Taurus, which has been delayed already for far longer than most people (except me) had anticipated.

The first securities are now supposed to be traded "live" on Taurus towards the end of 1993. I still have considerable doubts about this.

I feel the stock exchange would save everyone a lot of money if it aborted Taurus now and developed, instead, a

variation on the US system using depository companies and retaining share certificates.

Investors might also consider the effects on the market if the Queen starts to pay tax in April. Will the Queen have to reduce some of her shareholdings in order to pay the tax?

If so, this could have some effect on the share prices of companies such as RTZ in which, it is rumoured, the Queen has a large shareholding. A major restructuring of her asset portfolio, to make it more tax-efficient, could also have a modest impact on certain companies.

There will, however, be a considerable number of major influences on stock market sentiment in 1993. Events in many of the countries that used to form the USSR still give cause for concern.

The continuing integration of eastern Germany with the western half is likely to provide increasing financial, political, racial and emotional strains on that nation; this could easily cause problems elsewhere. Meanwhile, new trouble spots emerge every year. Even 10 years ago, who could have predicted the conflict now going on in Yugoslavia? And 1993 could well see troubles breaking out in other unexpected places.

With share prices in the US and the UK trading at near-record levels, changes in sentiment can have dramatic consequences. But what else is there in which to invest money?

It looks as if British property in 1993 will remain in a gloomy state. The new council tax will hit particularly hard in the south and south-east, and unemployment is likely to remain high. There is also the problem of people having "negative equity" in their homes, where the outstanding mortgage is greater than the value of the house.

At the top end of the market, the difficulties of "names", who have pledged their wealth to Lloyd's, the insurance institution, is likely to continue to depress prices. Commercial property, too, is unlikely to rise significantly because of

the collapse of prices for empty offices and factories. And people with endowment mortgages could face problems.

They may find that some insurance companies – hit by the effects of relatively low inflation and poor investment performance – are having to slash bonus rates so that the returns from endowment policies may not be sufficient to pay off mortgages completely.

There are county council elections in May, and unless the government starts giving counties a larger share of education and other grants immediately and announces plans for major infrastructure improvements, then some conservative authorities could fall to the opposition.

This would hardly inspire confidence to invest in property. People do not like uncertainty and want to be able to plan ahead, knowing what decisions will be made which they live and property values.

Looking at other forms of investment, the recent problems with Lancashire & Yorkshire Assurance Society are likely to make people more wary of investing with friendly societies.

My wife and I have policies with L&Y which mature next year. Fortunately, they were in a "balanced portfolio" rather than the society's Capital Secure fund, which has suffered from write-downs in property values. I should, therefore, still make a profit. How much is something else.

I have a number of investments with life assurance companies, and one 10-year investment plan matures next year. It will be particularly interesting to see if the proceeds match, or exceed, what an average investor could have achieved by investing directly in shares.

There will be many pitfalls for private investors in 1993 – including avoiding the shares of those ITV companies which have bid too high for their franchises and will have to start paying for those bids. But I believe there are still ways in which significant profits can be made.

These, however, will depend largely on selecting and monitoring shares in small companies carefully, and in taking advantage of any further major upheavals in currencies.

Kevin Goldstein-Jackson

## Three easy ways to be charitable

**C**HARITIES may perhaps come lower on the Christmas list than usual for many people this year. With economic problems mounting, families might feel that charity begins at home.

It is at times like this, however, that charitable donations can make the most difference. And the government has made it much easier to make them effectively. Three schemes allow you to give generously at the taxpayer's expense and all of them could be worth considering over Christmas.

**Give As You Earn**  
Provided your employer operates the scheme, or can be persuaded to do so, this is the easiest way to give. Donations up to a maximum total of £50 can be made each month and they are "grossed up".

In other words, they are treated as coming from your pre-tax income so, effectively, 40 per cent taxpayers part with £30 for a £50 donation and 25 per cent taxpayers get away with £37.50.

It is possible to give to a range of charities this way, subject normally to a minimum donation of £5 a month for any individual charity. Some employers even will pay the costs of administration.

If you are bothered about payroll deductions, you can stop the scheme at any time, although donors cannot reclaim money paid out already.

**Gift Aid**  
This scheme is particularly useful for top-rate taxpayers who want to give large donations.

If you go through the formalities, a gift to a charitable group can be treated as net of

basic-rate tax. In other words, a £400 donation is viewed as if you had paid £533.33. The charity could then claim tax relief at 25 per cent (£133.33).

This is great for top-rate taxpayers, who can then reclaim for themselves the 15 per cent difference (£79.99) between basic and top rates. So, a top-rate taxpayer could give £533.33 to charity for a net outlay of £320.01.

The only snag is that £400 is the minimum donation, which could put it out of the reach of some – although this is still lower than the original limit of £500. But there is no point in giving a sum between £320.01 and £400 without going through the gift aid formalities.

**Covenants**  
This is the oldest-established way of giving tax-efficiently, and requires you to take out a long-term regular commitment. The tax advantages are similar to Gift Aid – basic-rate tax relief can be reclaimed from the Revenue by the charity, while top-rate taxpayers can

reclaim an extra 15 per cent for themselves. Donations must be in fixed and regular amounts, though, with neither maximum nor minimum levels.

The law requires that the covenant is drafted to last for at least three years, and the intervals at which donations are to be made – whether monthly, quarterly or annually – must be set at the outset.

There is a complicated choice between gross or net donations. If, for example, you choose to give £200 gross, the charity will always receive £100 – but you will have to part with more if tax rates go down, and with less if they increase. If you covenant a net sum, then the charities will bear the brunt of tax changes.



Charity in action... and Christmas is a time when donations can make the most difference

The CAF allows its Charity Account to be funded via a covenant as well as via a single Gift Aid donation.

The charities movement is rapidly becoming more commercially savvy; thus, there are plenty of other novel ways to give painlessly and even pleasurably. Christmas cards and novelty records allow you to give to charity *en passant*.

A similarly harmless way to give small amounts comes with a number of prettily decorated credit cards – "affinity cards" – which allow you to make donations each time you make a purchase with them. The amounts involved are small, but they can add up.

The CAF has another appealing new option: charity vouchers. These work in the same way as book or record tokens, but are not open to the charge that they limit the recipient's choice without conferring any benefit. The CAF's voucher allows a third party to give via Gift Aid (using the allowance of the person who gave them the voucher) to the charity of their choice. The CAF offers the vouchers in denominations of £10, £25 and £50.

All of these are matters for careful and considered private choice. You may think that the purposes on which your tax is spent – social services, education, defence and the rest – are more worthwhile than any charities.

But if there are causes you want to support, it is silly not to take advantage of the government's own recent fit of generosity.

Charity vouchers are obtainable from: Charity Gift Voucher Department, Charities Aid Foundation, 48 Pembury Road, Tonbridge, Kent TN9 2JD.

J.A.

## Tessa turns three – but pays less

**T**ESSA enters her third year of existence from January 1, and those who opened an account from that date in 1991 or this year will be able to deposit a further £1,800.

Tax-exempt special savings accounts allow taxpayers to save a total of £9,000 over five years totally tax-free. The maximum that can be deposited in the first year is £3,000. Thereafter, the annual maximum is £1,800 and the maximum in the final year is £600.

Depositors can top-up their Tessa only on the anniversary of opening it. Net interest can be withdrawn during the five-year period, but drawing on the capital means loss of the tax break.

When Tessa was introduced, base rates were close to historical highs at 14 per cent. They have since halved, but what has happened to the top

rate Tessa rates paid by some banks and building societies?

The National Counties and Cheltenham & Gloucester societies were paying over 15 per cent at launch (others, such as Robert Fleming/Save & Prosper also paid over 15 per cent, but this included a one-point bonus payable during the first year). C&G closed its Maxi-Tessa (which paid 15.3 per cent) for new accounts in February 1991; it now pays 7.5 per cent, which is no longer highly competitive.

National Counties, which launched its Tessa with a rate of 15.4 per cent, is now paying 9.6, a reduction of only 5.8 percentage points compared with a base rate reduction of 7 points. The only snag with the National Counties' Tessa is that you have to open a separate feeder account – which must have enough in it to transfer the maximum per-

missible to the Tessa on the anniversary of the opening.

Those institutions paying 15 per cent on their Tessa at launch included Cardiff's Julian Hodge bank, and the Cambridge, Tipton & Cooley, Birmingham Midshires, Universal, West Cumbria, Britannia (Platinum), Stroud & Swindon and Principality building societies.

Julian Hodge bank has maintained its competitive edge by paying 9 per cent today. Tipton & Cooley is paying 8.65 per cent, Stroud & Swindon is paying 8.25 per cent while Cambridge has dropped its rate to 8 per cent. The rest have all dropped below 8 per cent gross and have reduced rates by more than the seven-point base rate cut.

Several societies were paying 14.5 per cent and over at the launch of their Tessa. Those over were Yorkshire building

society (14.8), Mansfield BS (14.8) and Allied Trust Bank's Premier Tessa (14.7). Those on 14.5 were the Woolwich, Manchester, Leeds & Holbeck, Alliance & Leicester, Tynemouth BS, Haywards Heath, Scottish BS, Dudley BS, Hanley Economics BS, Confederation Bank and Cheshire BS.

Yorkshire has dropped its rate nearly seven percentage points to 8 per cent and Mansfield is now paying 7.75. Allied Trust Bank's Premier Tessa is offering one of the highest rates at 9.49 – but this can be obtained only if you produce the full £9,000 upfront by placing the maximum permitted in the Tessa and the rest in a feeder account paying 7.23 per cent gross.

None of the institutions which paid 14.5 per cent has exceeded the seven-point base rate cut but Haywards Heath, paying 8.75 per cent, has only

fallen by 5.75 points. This rate will be reduced to 8 per cent from December 31, though.

Three of the four top-rate Tessa today are from institutions which were paying the highest rates at Tessa's launch, according to *Moneyfacts*. Others have been overtaken. West Bromwich building society, with a Tessa rate of 9 per cent, is now paying more than those apart from National Counties and Allied Trust Bank – which offered the highest rates when Tessa began. West Bromwich launched its Tessa with a rate of 14.25.

Despite the reduction in base rates, Tessa's still represent a good investment for taxpayers, particularly since providers are in general still competing to maintain good rates.

Scheherazade Daneshkhu



## FINANCE AND THE FAMILY

# Recession clouds the crystal ball

Philip Coggan talks to leading fund managers and asks them what next year holds in store for the private investor

IT HAS been a gloomy year for the UK economy but a reasonably profitable one for stock market investors. As 1993 approaches, investing prospects are clouded by hopes for recovery in the UK and the US, and fears of recession in Europe and Japan.

To help private investors make their choices for the New Year, the *Weekend FT* asked leading fund managers to look into their crystal balls and forecast what would happen to the world's major markets.

Michael Hart, joint manager of Foreign & Colonial Investment Trust says: "I am reasonably hopeful about all the major markets in 1993. German interest rate policy will continue to be the dominating influence. The Bundesbank will probably reduce interest rates later rather than sooner but reductions are inevitable at some stage as the recession deepens in Germany."

"UK rates can probably be safely reduced another notch in the New Year and further falls will be possible later as German rates come down. The UK market should be encouraged by lower interest rates and a good corporate profits outlook based on rationalisation benefits, devaluation and lower financing costs."

"A target of 3000 for the FT-SE 100 Index seems within reach. Continental markets should also respond to easier interest rates with France a prime beneficiary."

"I am positive about Wall Street with a favourable profits outlook and inflation staying low but the largest part of the return in 1993 will probably come from a stronger dollar."

"Although I was proved completely wrong about Japan in 1992, I remain hopeful in the coming year. The market is discounting a great deal of bad news but the government will soon have to increase liquidity and implement the supplementary budget. A 15 per cent rise to the 20,000 level could easily occur."

Recalling the old Chinese proverb, Martin Wooller, fixed income director of Fidelity Investments in London, expects "interesting times" in 1993. "Global equity, bonds and foreign exchange markets will continue to diverge widely (and wildly)," he says.

"The cyclical trough has been seen for the US dollar and bonds. The currency will appreciate by at least 10 per cent (trade weighted (\$1.30) by end 1993) and the 30 year bond yield will rise to 8.5 per cent."

"In Europe, the implosion of the German economy will be the driving force for markets. Eventually, even the Bundesbank will ease - but probably not until March/April. When it does the speed and extent of the ease will astound most observers. This will provide the backdrop to an eventual valuation-



driven recovery in European equities.

"The UK, struggling to re-ignite its economy, will follow the US approach - cutting short rates to 4 per cent by June, embarking upon competitive depreciation of the pound against the European partners (DM/E at below 2.20) and steepening the yield curve until the long end of the sterling bond market offers outrageous value to the non-resident. Expect long gilts to reach near 10 per cent before they enjoy a brief, but sharp, rally in the latter half of 1993."

"By late 1993, though, markets will be concerned about the government's inability to control either the budget deficit (£55bn in 1993-94) or its current account deficit (rising towards £17bn). There is thus the significant risk of a 1976 IMF-style crisis during 1994."

"Finally, in Japan, recovery will come eventually - but probably not until the second half of 1993 as a second deflationary package, involving direct tax cuts is introduced."

"World growth in 1993 is likely to be anaemic," believes David Rosier, chairman of Mercury Fund Managers. "Currencies will continue to have a significant impact on the relative performance of equity and bond markets. We expect the US dollar to strengthen further against sterling."

"In the UK, the debt burden, the

depressed housing market and rising unemployment will restrain consumer confidence, leading only to a gentle economic recovery. However, the equity market should make reasonable progress as we now have a realistic exchange rate and lower interest rates, which will help corporate profits to recover."

"Given our view that corporate growth will be uneven and patchy, we believe that it is too early to overweight the highly cyclical recovery stocks and we therefore continue to emphasise growth stocks. The market is not outstandingly cheap for this point in the economic cycle but the rating is sustainable given that we are emerging from recession, inflation is under control and the real dividend yield is attractive."

"We expect that interest rates in Germany will decline in 1993, allowing rates in other major European markets to do likewise. As a result, we believe that the prospects for continental European markets are exciting, with the exception of Germany, where the economy will continue to slow."

"The US market seems now to be discounting much of the anticipated stimulus from Clinton's new administration but encouraging economic trends point to an acceleration in economic growth in 1993. We expect the best performance to come from the small and medium-sized compa-

nies. Japan remains expensive and risky with little recovery expected from the current recession. In the Pacific region, growth will remain strong but the progress of markets is likely to be volatile and influenced by political factors."

"As in 1992, sluggish economic growth worldwide and low inflation should also allow bonds to perform well, especially in Europe, given the outlook for interest rates and we believe that there is unlikely to be a wide divergence between the performance of bonds and equities. In an environment of falling interest rates, cash is our least favoured asset."

Alistair Haddow, investment director of Murray Johnstone Unit Trust Management, says: "We expect 1993 will be a year of low, but almost non-inflationary, economic growth, suggesting a generally favourable background for equities as well as bonds. However, with the major economic blocs at different stages of the cycle, next year could be a story of two halves."

"Although the UK and US stock markets have been pushing into new high ground, it is in these areas that most of the corporate pain of restructuring and cost reduction have already occurred and the potential for a recovery in profits is therefore greatest. We would stay with these markets but at some point, possibly mid year,

the good news will be fully in the price. Smaller companies may well keep running, as investors seek out undervalued situations."

"Also at about mid-year, the bad economic and corporate news currently unfolding in Japan and Europe will cease to shock and these markets will pick up, not in an expected profits recovery but in falling interest rates. From a UK perspective, the home market will be hard to beat over the full year."

"Global growth prospects are not synchronised," argues Paul Manduca, who is shortly to become deputy chief executive of the merged Henderson/Touche Bannant group. "While the US is now emerging from recession and should show growth of 2 per cent during 1993, and the UK economy looks about to recover, the Japanese economy will remain severely depressed during 1993 and is likely to show zero growth. In addition, mainland Europe is on the point of entering recession."

"This picture suggests that world inflation is likely to stay low in 1993 and that commodity prices generally will remain soft. Although budget deficits are rising throughout the OECD for both cyclical and policy reasons, private savings rates are also rising while investment, except in the US, will remain further. This suggests that world interest rates will decline a bit more in

1993. Against this background, selective investment in bond markets could prove rewarding."

"Currencies are likely to reflect these economic cycles. The dollar should be strong while the yen and DM blocks weaken. Sterling looks undervalued against the DM but not against the dollar. The crucial test for sterling will come when the underlying inflation rate breaches the chancellor's current target, possibly in late 1993. Provided interest rates are raised at that point, sterling should finish the year strongly."

"As far as share prices are concerned, the US market looks fairly fully valued, although sterling investors may gain from dollar strength. The UK market should have a good year as economic recovery takes hold and profit prospects improve, particularly in the smaller companies sector. We remain nervous about the Japanese market, although prospects may look better later in the year. European stock markets hinge on lower German interest rates and on this basis, we expect good returns from France and Germany by year end. Finally, for high risk investors, we like Hong Kong and Australia, but would avoid Italy."

"Next year should see the start of a slow but sustainable recovery in the UK economy, with low levels of inflation," believes Dick Barfield, chief investment manager of Standard Life. "There are many similarities with the recovery in the early 1980s, but one major difference. The amount of debt which was built up in the late 1980s will dissuade people and companies from borrowing much more for some time."

"The cost reductions which companies have undertaken, together with some improvement in demand for their products and the lower level of sterling, will cause company profits to jump by around 20 per cent in 1993. This, together with the low level of inflation, should enable UK equities to produce a return in excess of cash. Gilts should also show a good real return."

"Equity market returns should also be positive outside the UK. The recovery in the US economy should continue. The US equity market is anticipating this so returns will be low, but should be helped, for a UK holder, a strong dollar."

"Japan is still suffering from its over-indulgence in the late 1980s when too much money was lent and property prices went through the roof. Inflation is very low there and interest rates should fall further in 1993. The equity market is unlikely to move up until there are signs of economic recovery, which may not be until later in 1993."

"Germany is suffering from the costs of absorbing the East and its economy is weakening quite sharply. Interest rates should continue to fall but probably not very

quickly. This will limit the opportunities for growth in Europe outside Germany and will probably continue to cause pressures in the Exchange Rate Mechanism. European equities might perform better late in the year, once policy in Germany becomes clearer."

"Overall, we are optimistic about the returns which can be achieved in financial markets. Longer term returns will be lower than in the 1980s, but should be higher than inflation."

Peter Smith, managing director of AXA Equity & Law Investment Managers, says: "Strength in the US economy will be essential to the well-being of all other major markets during 1993. Although now trading close to record levels, with equities largely fully priced, the US market will respond positively to the emerging recovery under President Clinton. "In the UK, corporate profits will benefit from the combination of low interest rates, stable inflation, currency devaluation and improved productivity. Coupled with better consumer sentiment, this should provide a powerful kick to the economy and hence to the equity market."

"Continental European investors will enter 1993 faced with numerous uncertainties. Although tentative signs of monetary easing are detectable, fiscal policy is still restrictive. The outlook for the ERM will continue to cause volatility in currencies and thus in markets, until the Germans show signs of reducing interest rates. We favour companies with an exposure to the US economy."

"The outlook for Japanese equities remains difficult. Slow economic growth will prevent a recovery in corporate profits. Given the high valuation of the market, the upside on the Nikkei 225 index appears limited to 19,000, but official support may prevent a fall below 14,000."

Finally, someone who is not a fund manager but who has featured regularly on these pages as a pessimist about equities, David Kauders, a Taunton-based investment consultant, says "equity markets perceived the policy changes of 1992 as miracle cures. 1993 may be the year that the miracles run out of steam."

"This recession is changing form: the squeeze hurts governments, which will be less willing to bail out ever-growing social needs. Financial institutions will also have less activity all around, and the combined effect must drain equity enthusiasm."

"US Treasury bonds continue to be the only market where the odds favour sterling investors. I see \$1.50 as a pausing point on the way to purchasing power parity at \$1. Gilts remain a hold, but otherwise most investments are too risky. My advice is stand aside and let others make the mistakes."

## Trade rags a rich read for the anxious investor

Harry Hopkins discovers a mine of information in the specialist papers

ALL private investors will be familiar with those lengthy periods between Annual General Meetings when the Chairman appears to have taken a vow of silence, and the anxious questions pile up.

This could be the time to turn to the British trade press, that vast mine of curious information, multiplying and flourishing as never before.

There can be few areas uncovered. The "Hotels and Catering" section of Willings Press Guide alone lists more than 27 titles.

Is the investor in Harry Ramsden's growing chain of fish and chip palaces - which has now reached Hong Kong - beginning to feel anxious? To what better quarter could he or she turn for pointers than to the weekly *Fish Fryers Gazette* published for almost 70 years in Leeds.

For long-suffering shareholders hunting for signs of revival "Building and Contracting" offers choice of well over a hundred magazines, with four competing on roofing alone.

The dozen, handsomely produced and wide-ranging, is *Building*, which under its earlier name, *The Builder*, has been chronicling booms and slumps, triumphs and disas-

ters, for well over one and a half centuries. For the diligent investor it will still yield its regular trawl of projects, tenders, contracts and bankruptcies, but the premature optimist will receive small comfort.

"Only the lobotomised are cheerful now," began a recent editorial, announcing "more bad news". The magazine's profile series was grimly titled "Despatches from the Front" - all useful groundwork for those planning to buy building shares for recovery.

It is this touch of the negativity which can make the trade press such an excellent antidote to the more bland approach of financial analysts, to whom all shares may look like statistical constructs.

In the pages of trade papers nothing emerges more clearly

than the fact that each industry has its own atmosphere and style, and that it could be important to know this. Students of the UK travel trade, for instance, could hardly fail to see that what is being described here is a battlefield, in which no quarter is given to hold the line of market share, whatever the cost.

To navigate this vast and unfamiliar sea, the investor may turn for charts to Willings Press Guide, stocked by public reference libraries of any size. The classified index will lead to individual paper entries citing circulation figures target audience and sometimes offering "summary of contents". A big sale figure will often - but by no means always - indicate the paper's usefulness.

For the browsing investor it might be worth making a distinction between "wide focus" and the more narrowly targeted weeklies.

For instance *Retail Week* ranges over the business of the whole of the high street from Dixons to Habitat by way of Boots, keeping shareholders in many companies in touch with trends showing up there.

A moving panorama of social history, *Super Marketing* can offer the alert investor many signs and portents. "Small dogs take the lead", ran a headline in the aftermath to the Rotweiler scares, pointing out that a Irish wolfhound had been shown by research to eat 35 times more than a Yorkshire terrier, which might seem a fact worth weighing by investors in pet food companies.

However, confidence was restored when experts demonstrated how the position was

being restored with premium brands, "life cycle" cans for puppy, adult, mature, and "senior" dogs, new flavours and niches - vegetarian, organic and herbal.

More narrowly focused, though with three times the sale, is the old established *Grocer*, organised by commodities, or the ebullient news-hungry *Motor Trader* - "Profiling the Recession Beaters" - with many forewarnings for investors in this key sector.

which the paper pointed out - "had already played the discounting card".

Whereas brokers' analysts may pay the occasional planned visit to plants, trade papers have the advantage of keeping their special fields under continuous surveillance over the years.

Some have become the bibles of their trade. Thus, the weekly *Pharmaceutical Journal* has been putting wonder drugs - and not so wonderful drugs - under scrutiny across the counter ever since 1841 and commenting on the results in its pages.

The trade daily, the *Morning Advertiser*, has been reflecting the licensed victuallers trade from behind the pub counter since 1784, while, going back another 50 years, trade paper *Lloyds List International*, possibly Britain's oldest newspaper, is no longer confined to ship movements and sinkings, but offers investors an up to date compendium of news of oil exploration, the great insurance companies, shipbuilding and trade currents all over the world, not to mention the vicissitudes of the newspaper industry.

## Record fine for Scottish Widows

**L**AUTRO, the life assurance watchdog, set again its record high for a fine this week. The culprit was Scottish Widows, was fined £120,000 for failing to monitor its tied agents, and check that proper "fact-finds" were being filled in on the financial circumstances of potential clients.

The company has already been ordered to contact all the clients affected, and to pay full compensation if inappropriate advice is disclosed. Scottish Widows has attempted to contact all clients affected - there is still difficulty tracking some of them down - and no definite cases of wrong advice have been discovered. No compensation has been paid, but Newton Scott, Scottish Widows' manager of sales and marketing, admits there is "a very small proportion who may have a compensation claim."

Lautro is also investigating the advertising for Scottish Widows' Monthly Income Bond, after complaints from

advisers. If this is found to have been misleading, then Scottish Widows could be required to contact investors, explain the product and repay the amount invested if it no longer seems appropriate. This would mirror the action taken against two companies earlier this year for misleading advertising of with-profits bonds.

In all, Lautro appears to have grown a particularly vicious set of teeth during the past year. The watchdog denies the fine is part of a "get-tough" policy and says it reflects the severity of the offence.

That is not how it has been interpreted elsewhere. The Consumers' Association welcomed the fine as a method of taking compliance seriously. The association says that the banks' life assurance subsidiaries, regulated by the Securities and Investments Board, could also benefit from the tenacious regulation being administered by Lautro.

John Authers

# GLOBAL BOND TRUST

With interest rates and inflation heading down, there's an ideal way to warm up your investments: the Baring Global Bond Trust. It aims to provide income and long-term

capital growth by investing world-wide in fixed interest securities. Bonds, a relatively low-risk form of investment, now are even more attractive in these troubled times. Launched in February last year, the Baring

Global Bond Trust has grown from £45 million to in excess of £130 million. An investment of £1,000 would now have grown to £1,333\* as opposed to £1,122\* in a building society investment account.

The Baring Global Bond Trust is ready to perform for you. Talk to your Independent Financial Adviser, or for more information write to Baring Fund Managers, FREEPOST, EC2B 2BS or call 071-714 1993.

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Source: \* Mispaid 112.92. Offer on Bid with income reinvested. † Based on the net for a high return deposit of a minimum of £1,000.









A HUNDRED years ago, a fashionable doctor of the day by the name of Vogel burst into print on what happens to little boys who play with themselves. They become, said the good doctor, "visibly emaciated and anemic, remain backward in their bodily and mental development; they develop an apathetic expression of the countenance and flaccid muscles...the gait becomes unsteady and lumbering and the knees fall inward".

Dr Vogel wrote with an unmistakable air of authority. He knew he was right. Nowadays we know - I hope - that he was wrong. But it is all a matter of fashion. In the 1890s, high Victorian puritanism was sufficiently ingrained that rational men in rational pursuits, such as the medical profession, claims to be, were driven to prove its scientific validity.

## A fashionable headache

Dominic Lawson says medical theories of the day often prove to be a pain

It is one of the features of a fashionable morality that its exponents demand to be thought not merely good, but also right. The liberal moralists who have dominated education and the social sciences for most of my lifetime were every bit as dogmatic as Dr Vogel, and no less absurd in their lack of respect for evidence. Their insistence that intelligence could not be partly inherited was but one example; another was their refusal to admit that the child of a one-parent family was starting life with something of a handicap, and not just a financial one.

I use the past tense to talk of these attitudes because, after 30 years, they are on the wane. The

reason is simply that they had been long enough in vogue to become visibly responsible for the dire consequences of their fashionability. None the less, it still comes as something of a shock to read in a medical scientific textbook of the 1950s, *The Normal Child*, that "one-parent families are harmful to the child, and for this reason the adoption of her illegitimate child by a mother is not to be encouraged. There are commonly associated economic and social problems with housing difficulties". No messing about there by Doctor Ronald Illingworth MD, FRCP, DPH, DCH, whose book is a joy and an education to read.

I ought perhaps to confess that I

would not normally be reading 40-year-old paediatric textbooks. But shortly I am due to become a father, and like most men in that interesting condition at one remove, I have been hovering in the available literature, preferably in second-hand bookshops. For you will not find the splendid Doctor Illingworth weighing down the shelves of shiny new baby books in WH Smith. No, instead, you will find Dr Miriam Stoppard, who is absolutely high fashion.

Dr Stoppard's best-selling *New Pregnancy and Birth Book* advises its readers of the advantages of yogic childbirth. The yogic mother-to-be, says Dr Stoppard, "may use meditation and chanting and the

support of yoga groups' spiritual participation...yogic education helps in the belief that a woman has the ability to create or destroy her own pain and joy during birth". There are limits to medical hippedom: Dr Stoppard tells her readers sternly that they "should refrain from smoking marijuana before they decide to conceive".

Dr Stoppard is a great believer in "bonding". This is a word which does not occur in Doctor Illingworth's great tome. Dr Stoppard admits that "it is difficult to describe what bonding is", but, as I understand her, bonding is mother and child staring at each other intently for the first 45 minutes of the baby's life.

Common sense would suggest that this is rewarding for the mother but a matter to be instantly forgotten by the stunned newborn. Dr Stoppard, however, claims that "research showed that, at the age of five years, the children who had had extended contact with their parents immediately after delivery scored higher in intelligence tests".

Bonding is, of course, a very fashionable concept: no one really knows what they are talking about, but they know they are doing the right thing. Alas for them, a book is to be published next month in America called *The Myth of Mother Infant Bonding*. According to those who have read the proofs, the book comprehensively debunks the supposed medical evidence that bonding has a quantifiably positive effect on the infant: it just makes the mother feel good, that is all. Thus ends another fashion in the wacky world of pseudo-medicine. ■ Dominic Lawson is editor of *The Spectator*

## Jolly pagan times

Michael Thompson-Noel



I DO NOT adhere to any religion. I agree with Arthur Koestler, who said that the continuous disasters in man's history are "mainly due to his excessive capacity and urge

to become identified with a tribe, nation, church or cause, and to espouse its credo uncritically and enthusiastically, even if its tenets are contrary to reason... wars are not fought for personal gain, but out of loyalty to king, country or cause".

If I lean in any direction, it is towards paganism. One of my favourite places is Delphi. Another is Olympia. I believe I came from star-matter, and to star-matter will return. If you ask me, paganism could be very big news again by - strictly a guessimate - 2100.

None of which means that I don't enjoy Christmas. I enjoy it enormously. Especially this Christmas, which promises to be minimalist and beautifully well-organised. Also economical. Thrifty. Cautious. This is all part of my Lamont strike, my refusal to countenance any form of spending other than what is strictly necessary so long as Norman Lamont remains chancellor of the exchequer.

Do not be fooled by those trendy political columnists who now maintain that Major and Lamont have somehow escaped the grisly reckoning that awaits them; they haven't: they are doomed; I can see it in their stars.

My economical Christmas started well last Sunday when I and Miss Lee, my executive assistant, visited, in the Rover, one of London's most exclusive garden nurseries, not a million miles from Maida Vale, in search of a Christmas tree. This nursery is so expensive it charges £100 for weeds. At once, Miss Lee made a beeline for the 10-footers:

**HAWKS  
&  
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strapping Christmas trees royal in lineage, sap and price.

Fortunately, twirling in desperation, I noticed a dwarf affair propped by the gate, inelegantly put together, bottom-heavy, a spindly, droopy top - a bargain for just a fiver.

Summoning immense reservoirs of persuasion, I charmed Miss Lee into believing that unless we purchased the dwarf it would be cast into the canal, or burned. So home it rode with us, propped in the Rover, and a fine sight it makes, its spindly, droopy top, now glittering and lighted, poking above the sill of our sitting room window like a pinprick of civilisation in a distant, dangerous galaxy.

Flushed with my success in extracting a £5 Christmas tree from a nursery that charges £100 for weeds, I went for broke on Tuesday. I took the bus to Knightsbridge, to see whether Harrods or the dreaded Harvey Nicks were offering any bargains. Don't make me laugh. I hate those stores, wish they could be vapourised, mainly because they consume, via Miss Lee's credit cards and charge accounts, a measurable fraction of my income.

Harvey Nicks was quiet. No scenes of outrageousness. Nor, come to think of it, any sign of the advent of John Major's classless society. In the fragrance department, an Amazon in ghoulish make-up sprayed some concoction on my wrist and asked if I liked it. I grimaced and gurgled, and ran for the escalator.

In sweaters, a maiden (or youth) with Botticelli hair, Botticelli eyes and Botticelli lips asked if I needed help. "Only," I replied, "if you have anything for less than £1,500." The maiden (or youth) smiled sweetly and enigmatically, and returned to buffing her (or his) nails. I thought I would have a coffee, but everyone in the coffee shop seemed to recognise me. They all waved and shouted. So embarrassing.

Harrods was noisier: lots of common folk, foreigners in the main, Brazilian cement kings and Australian princesses hocking the sheep farm. There was also a group of choirboys, sweet-voiced and bearded. I made for the pet department. There were two parrots for sale, one at £750, the other £700. There were some canaries and budgerigars, and some bizarre furry articles.

Also, tanks and tanks of fish, including glowlights at £2 each, zebra angels, £10 each, married angels, £15.50 each, thick-lipped gouramis, £8 a pair, and red cap orandas, £5 each.

It is a theory of mine that fish make an ideal Christmas present. They are minimalist, and economical. If they prove not to be wonderful, the recipients can always eat them. I bought five red cap orandas and 10 glowlights. Happy Christmas.

## The ghost of Christmas to come

THERE WERE straws in the wind, and they blew from Brussels. So this week I found myself knocking at a freshly-painted door high up under the roof of the Berlaymont building.

A few days previously, *The Times* had carried a large colour picture of our local butcher, Robert Harrison, with a turkey in each hand and a smile on his face. Harrison, it explained, had just learned that EC vets and hygienists hoping to ban the "delayed evisceration" of Christmas fowl (that is European for leaving the guts in) had been told by Britain to...well, get stuffed.

The Sunday before, tucked away on the front page of the *Observer*, was a story about the Christmas Tree Growers' Association of Western Europe. This grandly-titled body, led by a very modern major-general, is introducing a Eurostandard for its products - height, width, bushiness, needliness, and so on - which it wants the EC to draft into law next year.

In spite of these pointers, no newspaper bothered to chase the story. Nobody, I was pleased to discover, had even guessed the existence of DG XXV, the newly-formed EC directorate-general responsible for seasonal policy. I was even more pleased when, after a bit of hem-

Europe was, of course, a seasonal one: Christmas.

"You see," added Dr Klaus, seriously. "We must seek for seasonal convergence."

But, I objected, every country has its own traditions and they hold them very dear. For example British children hang out stockings for Father Christmas, but don't Italians and Germans use pillowcases?

"Exactly. So we must apply the principle of social cohesion."

You mean every child must hang up the same size article? "Too fast, Mr Tyler, too fast! First we must equalise the contents, so that little British children will receive equivalent value to little Germans and little Italians." His eyes moistened. "For this we will employ the ECSSF, the European Community Seasonal Subsidy Fund - it was agreed, you remember, at the Edinburgh summit - a rebate mechanism for disadvantaged regions on the periphery of the Community which..."

I broke in. But what about our food, and drink, and decorations? What about the holly and the ivy, the plum pudding and mince pies?

"Please, let me continue...which also is a guarantee that seasonal gifts will be totally safe for non-adult use in accordance with CEN and CENELEC."

*The EC's director-general for seasonal policy at the newly-created DG XXV gives his first newspaper interview*

ming and having, the information people agreed to set up a briefing from the director-general himself.

I knocked at the door. "Entrez," boomed a voice from within.

It was obvious to me as soon as I entered his office that Dr Klaus was new to the ways of Brussels. Large, cheery and overweight, he looked more like a Bavarian farmer than a senior Commission official. His suit might have been expensive, but it did not fit. His shirt had lost the top button. The decor was a bit too Upwardly Mobile Provincial: executive toys on the desk, a stuffed head on the wall, that sort of thing. Above all, he failed to tell me that the interview was for background use only.

So I got out my tape-recorder. Dr Klaus, I said, I have been reading about harmonisation of Christmas trees and turkeys. What is going on?

"Ha! So you have noticed!" He beamed. "Yes, we make a beginning." He waved an arm around the room. "Of course, we are new here, still very much in consultation stage. We are far from making, you know, draft directives..." He smiled apologetically.

But what exactly is 'seasonal policy'?

"Good question! You know, Mr Tyler, how some people, even good people, are afraid of Maastricht? We know this now from Eurobarometer surveys - and they feel apart. So, we must bring them together!"

The role of DG XXV, he explained, was to stimulate a sense of cultural identity among the citizens of the 12 member states in the hope it would lead them to accept political and monetary union more rapidly. And the cultural event most widely observed throughout

Who?

"Our standards-setting bureaux, for electrical and other goods. Of course, we have some problems for negotiation," he continued. "The Club Med - excuse me, the Mediterranean member states - are not so happy."

Why is that?

"Well, they have some small differences: they like to employ pine trees, not fir trees. In Italy many little children still wait for the good witch La Befana on January 6. In Spain they are putting out hay for the donkeys of the Three Kings. There are other seasonal convergence difficulties of a timetable nature - Scotland, for instance." Dr Klaus sighed and sat back in the big swivel chair. "We must have more transparency."

So that people can see through this stuff, I asked.

The d-g ignored my sarcasm and I continued: What did you do before you got this job?

"This is not for official information," he replied, winking and tapping the side of his nose.

Klaus is a German name, I suggested.

"It is of many origins. I would say German, yes, and even Syrian and American - and also Finnish."

Finnish?

"Yes. For very many years, I have been working near the town of Rovaniemi."

On the Arctic Circle?

"Quite so."

The penny dropped. You mean you're not just called Klaus? You're actually... I mean him? Santa Claus, Father Christmas...

The director-general was delighted. "Yes, and Nicholas, Knecht Rupprecht, Pere Bonhomme Noel, Robin Goodfellow, all these people

But, I stuttered, how am I going to tell the children that you are behind all this - that you've left the Frozen North and chucked it all up to come to Brussels on a big expense account?

"That's up to you. They won't believe it. Ho, ho, ho!" He laughed uproariously.

The Klaus appointment (I can no longer call him "Doctor") turned out to be a political compromise struck in anticipation of Finland's hoped-for entry into the Community. In return for abandoning its traditional neutrality to qualify for full membership, the Finnish government had demanded control of one of the Commission's directorates. This, for all the talk of seasonal convergence, is the real reason why DG XXV was created.

But what about the reindeer. I asked... and the elves?

Klaus motioned with one thumb at the trophy on the wall. With the other he pressed a buzzer. Two little figures came skipping through a side door, one carrying a brush, the other a tin of shoe-polish.

"Please meet my staff," he said.

"I regret that some friends in ECOSOC (the economic and social committee) are envious," he continued. "They complain my staff are an example of extra-Community social dumping - cheap foreign labour. I reply that they are atypical but economically active persons admitted under temporary and transitional arrangements."

Santa patted his belly with self-satisfaction.

"Usually, they are engaged on my

special database project. With the help of EUROTECHNET, we are collating pre-season gift requests of nearly 10,000 children in selected cities: this is on a pilot basis, of course." He flung his arms wide. "It will spread all over the Community one day. No more letters up the chimney!"

I see, I said.

"You will say, course, there are not many chimneys in Europe. And you will be right. So how can all the little children - some are not so little, I may tell you - expect Dr Klaus to come down their chimney with a big sack of presents?"

Go on, I said, tell me.

"Subsidies!" he roared. "You mean chimney subsidies?"

"No, no. Subsidies. We believe here in DG XXV that national cus-

tom is so very important, even while we strive for seasonal convergence. We say we cannot make rules for everything."

So?

"So children of all member states are free to believe what they like!" he finished triumphantly.

Well, I said, as I rose to go, thank you very much. And a Merry Christmas!

"Maybe," said the director-general. It was an odd reply and I stopped at the door.

"There are so many names, so many greetings, such confusion! I give you our new Community greeting."

Which is?

"Harmonious Eurofest!" And a Ho-ho-ho to you, too. I thought as I closed the door behind me.

equal that of Anglicans by 2000, and go on to outnumber them over the following decade.

Other non-Christian sects are increasing in numbers, although on a much smaller scale. None the less, by the end of the millennium there will be more Sikhs than Baptists in this country.

To publicise these figures on Christmas may seem alarmist, insofar as they evoke a ghost of Christmas Future who speaks no comfort to those who wait December 25 reserved as a celebration of the birth of Christ. But the importance of the statistics is easier to grasp at Christmas than at any other time.

Christmas is a rite of passage, tailor-made for a secular and multicultural community. It is a hotch-potch of creeds and rituals which ought never to have been yoked together, yet survive as a coherent whole. The ghost of Christmas Future is not a monster: his message is the same as the message of Christmas Past.

Assuming that Moslem adherence in Britain is not affected by secularisation - which may not be a safe assumption - and continues at its current strength, the number of Moslem worshippers will roughly

## Who's festival is it anyway?

Nigel Spivey looks at the origins of Christmas in ancient pagan rituals

CHRISTMAS has little to do with Christ. This is not to say that a Christian festival has been hijacked by commercialism, although plenty of preachers, in their Christmas sermons, will assert precisely that.

No: it means that neither the date nor the components of Christmas bear much relation to Gospel accounts of the birth of Christ, nor even to early Christian practice. The image of the babe born (away) in a manger among cattle (towing) in (chick) midwinter, in the (little) town of Bethlehem, on which so much of our celebratory apparatus depends, is mostly fantastical.

Mark and John tell us nothing about the nativity. Matthew refers to Bethlehem, but locates the birth in a perfectly ordinary house and all Luke gives is the detail of the feeding-trough used as a cot. The animals are picturesque extras and Biblical scholars tell us that the birth more likely took place in Nazareth with April the probable month.

Some time in the fourth century AD the Christian authorities decided to align the birth of Christ with the winter solstice, as reckoned on the Julian calendar. This was a purely pragmatic move, designed to accommodate the manifold oriental heretics who were used to saluting the nativity of the sun on December 25.

The compromise with paganism has not stopped there, of course. The extra vegetation we admit to our homes to hail Jesus (or the sun) would make all sorts of infidels happy. Bechamallian ravers would snatch for themselves our ivy wreaths; Druids nod reverently

towards our mistletoe; and savage Norsemen drink bumpers to the yule log. And so on. It all ought to be common knowledge, if we ever bothered to think about it.

Meditating on Christmas Past is a useful exercise, however, particularly when trying to imagine Christmas Future. That is, the nature of an end of year festival in a society which is predominantly secular and religiously pluralistic. Those who feel that Christmas is in danger of losing its integrity might reflect on some statistics emergent from a series of religious censuses taken between 1970 and 1987.

John Clayton, professor of religious studies at the University of Lancaster, has drawn attention to

the trends implied by these statistics. According to the present pattern of growth and decline in membership of Christian and non-Christian faiths in Britain, by the year 2000 adult affiliation to the Anglican church will have slumped to just over one and a half million.

This is a little less than the projected membership of the Roman Catholic church. Both Anglican and Catholic numbers have been markedly declining since 1970, although in the case of the Anglicans, it is not clear how many "born-again" associates of the church show up in these statistics. Membership of the reformed churches (including Scottish Presbyterians) is at more steady level, but is dropping to

slightly more than one million. Methodists have steadied, too, at about half a million.

It will not surprise anyone familiar with certain parts of London and certain old industrial centres in the north of England, that the religious sect showing the most significant growth is Islam. In cities such as Bradford, the statistics are confirmed in physical change: chapels converted to curry-houses; and mosques the size of hypermarkets being erected.

In Britain is not affected by secularisation - which may not be a safe assumption - and continues at its current strength, the number of Moslem worshippers will roughly